the Freeman

Ideas on Liberty

SEPTEMBER 1985

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A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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Three Steps to Freedom

THE direction of the country will be changed only as ideas are changed and as those ideas begin to affect the way people live. While most people believe that elections can alter the course of the country, that is not true. We must look elsewhere for meaningful change. Leonard Read repeatedly stressed three ways in which we could make ideas on freedom come alive. They bear our renewed attention:

- First of all, you must know what you're talking about. That means self-improvement, the acquisition of knowledge and serious research to find truth.
- Second, you must live what you believe. All of us know that you cannot tell people to "do as I say, but don't do as I do." The Bible is clear when it says "as a man acts so it is in his heart."
- Third, when you know what you're talking about and you live what you say you believe, *it is inevitable that someone will ask you why.* It is a great flattery to be sincerely asked, "Why do you believe and act as you do?" At that point, you have attained the greatest responsibility. You have been asked to be a tutor.

FEE has taught these three steps through these many years—the simple facts of knowing what you're talking about, living what you say you believe, and teaching when asked, "Why?" Mastery of the first step can lead to the second, and the second to the third, and the third will have a real impact on our world.

If no one is asking "why" in your life, then you should be reading *The Freeman* and participating in the activities at FEE. As Leonard Read would remind us: "The way is not easy, but the reward for these achievements is individual liberty and, we submit, there is no other way."

—Robert D. Love

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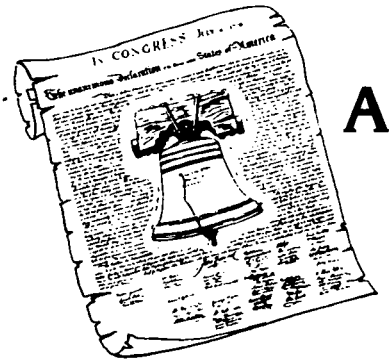
Michael Bordelon



A Conservative Declaration

"Equality of opportunity, far from being a matter of settled doctrine amongst us, is a basic issue between the Liberals among us and the Conservatives among us."[1] As arresting as this insight by Willmoore Kendall may be, it is nonetheless an understatement: the extent to which America is dedicated to "equality of opportunity" is not merely *a* basic difference between liberals and conservatives, it is *the* basic difference.

Considering that the debate over egalitarianism has been at the heart of American political dialogue for at least half a century now, it would seem that both the meaning of equality and its place in the American political tradition would be firmly established. But it is not so. Although many observers, sophisticated and unsophisticated alike, have attempted to link "the equality principle" with our Founding Fathers, the connection is still dubious, mainly because the Fathers were far more fond of talking about liberty than about equality.

The priority of liberty to our nation's Founders is clear. If the various documents of the last quarter of eighteenth-century American history are examined carefully, the reader will find them filled with references to the effect that liberty is the "greatest good,"[2] or that the preservation of liberty is "the most valuable end of government,"[3] or that government exists "to secure the blessings of liberty." This last reference is, of course, taken from the preamble to the Constitution, the

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most solemn statement of promises that we Americans have ever made to each other. In fact, references in late eighteenth-century American political literature proclaiming a great love for liberty are so numerous that painstaking research is not needed to find many of them. We may wonder what the Fathers meant by liberty, or whether liberty may be properly regarded as an end in itself, or should instead be regarded as a means of achieving some greater good. But whatever our uncertainty, the fact remains that in the late 1700s many Americans did pronounce liberty to be one of life's greatest goods, especially in that all-important listing of ends in the Constitution's preamble.

The Importance of Liberty

By contrast, formal and explicit statements maintaining that equality is a goal of American life are few and far between. Indeed, the leveling spirit which has often been associated with democracy was one of the most oft-mentioned fears of our Founding Fathers. It would be difficult to find any explicit passage stating that it was their object to make America a land of greater equality; it is not difficult to find passages in which the Fathers boldly stated their aim to secure liberty for themselves and their descendants.

This is not to deny the observations of Franklin and Tocqueville that the early United States was a land characterized by a high degree of equality in comparison to the nations of contemporary Europe. Investigations by more recent observers[4] have likewise revealed that certain developments of the Revolutionary period tended to reduce some of the political, social, and economic inequalities of the day. The dispossession of the Tories, the abolition of primogeniture and entail, and the relaxation of property and religious requirements for voting and holding office are all cases in point. On a few occasions some Americans (notably Anti-federalists) even speculated that America would be a healthier place if it were not divided into wealthy families and impoverished masses such as existed in Rome in the century preceding Caesar Augustus.

Nevertheless, even granting these concessions to the importance of an implied equality at the time of the Founding, it is still clear that the Founding Fathers never dedicated themselves to a conscious and active pursuit of the equality principle to a degree comparable to the strength of their devotion to liberty. Liberty was eulogized far more frequently, openly, and forcefully than equality, which was only rarely mentioned by the Fathers with any enthusiasm. The result has been that those who seek an American commitment to the equality "principle" have found

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themselves almost of necessity depending upon analysis of the most famous statement on equality in our political heritage, the "all men are created equal" clause in the Declaration of Independence.

The great problem with the equality principle as stated in the Declaration of Independence is its brevity. The simple truth is that the equality clause lacks any explicit meaning. The statement is simply too short. Whatever meaning is to be gained from the famous clause must therefore be derived by implication. Consequently, the clause has been subjected to numerous different interpretations by many different advocates of "the doctrine of Equality," all of them seeking to remake America into a land of equality as they understand it, including the view so often urged upon us that it is our duty, where equality does not exist, to make men equal. There are, of course, other less radical interpretations suggesting that "all men are created equal in the sight of God," or that "the Americans are equal to the British," or that "all races are equal to each other," or any number of other, often ingenious, understandings.

The Ambiguity of Equality

Such interpretations all suffer from the same basic weakness: they are not self-evidently true or "obvious." It has often been pointed out that the term "self-evident" can have a more philosophical meaning: that is, a self-evident truth may be one in which the truthfulness of the proposition is contained within the meaning of the terms. Nevertheless, even granting the merits of this argument, it does not explain the tremendous *power* that the equality clause has exercised over the minds of men.

To explain the power of the assertion we must understand it as self-evident not in philosophical terms but in terms of the obvious. That is, we must somehow find some meaning of the equality clause which can explain why all who ponder it are instinctively inclined to accept it as obvious, or as "self-evident." The forcefulness of the statement is lost unless it contains a meaning which is clearly true, and even more than that, pertains equally to every member of the human race, in all places and at all times in human history. Even more, the meaning must be unaffected by the manifold differences among men including their varying talents, intelligence levels, nationalities, races, and genders as well as a host of other distinctions too numerous to mention.

Without in any way denying this tremendous variety of distinguishing features, we may note at least two simple ways in which the basic equality of men is generally conceded. First, there is little dispute

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that all men are equal in that every man has one and only one body. Every man, always and everywhere, is equal to every other man in bodily number; every man has exactly one body to nourish and use and, eventually, lose, in this world. Yet despite the manifest clarity of this rather simple observation, it is rarely uttered as a political statement. When men come to interpret the "all men are created equal" clause, they generally prefer to devise novel interpretations (often formulated to serve ulterior purposes). These intellectual exercises are not necessary. The assertion of the bodily equality of all men, simple as it is, is not barren of practical political implications, and in fact can be taken to be the starting point of social contract theory. The bodily equality of men may well be regarded as the basis of the Lockean natural rights to life and property, i.e., sustenance.

The second basic equality of all men is spiritual rather than physical. Although men disagree about the exact character of man's spiritual powers, few are willing to contest that man is endowed with a nonphysical faculty of some kind, whether it be understood as soul or intellect. And as in the physical sense, this conception of equality has a mathematical simplicity: every man has one soul or intellect, and one is clearly equal to one. Although this argument may be regarded with justice as commonplace, it nonetheless deserves mention because it is asserted far less often in connection with the equality clause than is the more vague contention that "all men are equal in the sight of God." From the clearly defined belief that every man is endowed with a soul come very definite implications which preclude the propriety of treating men as if they were animals.[5] That is, if man is dignified by a spirit which informs his very being, then the concentration camps and other cruelties of twentieth-century totalitarianism are clearly indefensible. Viewed in the light of such implications, the Declaration's assertion of a right to "the pursuit of happiness" may then be construed as meaning that each man should have the freedom to attempt to fulfill both his bodily and his spiritual needs.

What Equality Isn't

The simplicity of such fundamental interpretations of the equality principle may seem to leave open the possibility of an inexhaustible number of political implications, but it is important to consider certain meanings which do *not* seem to be implied, particularly when such meanings have been given wide circulation in recent decades. First, the clause itself does not specify any concrete way in which all men may be regarded as equal. For that matter, it does not even go so far as to suggest

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The American Tradition of Equality

1. It is a very *limited* kind of equality that is avowed. *Equality before the law* and an *equality of rights* subsume the various expressions of it.

2. It assumes a *negative* role for government. This theme occurs repeatedly: Congress shall make *no* law . . . ; *No* bill of attainder . . . ; *No* title of nobility . . . shall be granted.

The impact of this is positive, though the statements are negative. It means that men are freed from the restraints of fixed classes and orders, that they can use their energies to achieve their ends, so long as they do not violate the equal rights of others in doing so.

3. It in no way prescribes that men shall cease to make distinctions nor that differences will cease to exist. On the contrary, in the absence of legally prescribed positions, *there may be as many differences of degree as there are individuals.*

4. Such a conception of *equality is consonant with liberty;* indeed, it is a concomitant of the greatest liberty.

CLARENCE CARSON, *The American Tradition*

any ways in which men *ought* to be equal. Second, the clause does not contain any implication that men should be made equal in ways in which they are not already equal. And third, there is no hint that government should take up the job of the Creator and make men equal; there is no evidence that the welfare state is hidden in the expression "all men are created equal." In short, there is no implication whatsoever that equality is itself a goal or end of government or of life in society.[6] In fact, even the Declaration argues that government exists to secure liberty and not equality, clearly implying liberty as an end of government action.

It can be argued that the Declaration was and should be revered at least as much for its role in securing our liberty or independence from England as for its famous statement on equality. This argument is all the more plausible since the Declaration connects government far more directly with liberty than with equality: liberty is one of the three basic rights listed in the Declaration as

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being the objects of protection by legitimate action. Thus also the Bill of Rights was cherished by its advocates as a bulwark of liberty, a point made often by its most zealous proponents. And even Lincoln sought for the slave not equality so much as liberty. Perhaps Lincoln's most significant political act was the Emancipation Proclamation, a gesture which sought to free the slaves, not to make them equal to the whites. The opposite of slavery is liberty, not equality.

The March Toward Uniformity

For some decades now people have concluded that mere emancipation has not been sufficient—for our various "underprivileged" groups to be truly free, it is argued, they must be on an equal footing with "mainstream" Americans politically, socially, and economically. Thus in the twentieth century we have seen an enormous effort made to secure these equalities for our various "disadvantaged" citizens so that they will eventually enjoy full "equality of opportunity" with the nation's more established citizens.

But there is tremendous confusion over the use of the phrase "equality of opportunity," which is often used in terms of an athletic footrace.[7] Although at first glance this metaphor may seem simple enough, a little thought makes the comparison confusing. Everyone is agreed as to what is "fair" in an athletic contest: all the participants should begin the race at the same starting point and begin to run at the same time. However, the concept "equality of opportunity" is not so clear when it is applied to the operations of individuals involved in the manifold activities of modern society.

Taken literally the phrase "equality of opportunity" may be (and of course is) interpreted to mean that all individuals should have the same advantages (or suffer no particular disadvantages) in the "race" for the goods of this world. The corollary, as we all know, is that it is government's job to see to it that individual advantages and disadvantages be cancelled out as far as possible so that the race is "fair." This is perhaps the main reason that we have "big government" today: with every attempt to eradicate all the little differences in life which make for inequality of opportunity, the government has grown larger.

Despite the attempt to lend respectability to the expression "equality of opportunity," it is the simplistic meaning of equality which has prevailed; we are being steamrolled by it. From the New Deal to *Brown vs. Board of Education* to *Baker vs. Carr* to the Great Society to Women's Lib and Gay Liberation, the march toward uniformity goes on. And lately, for the first time in our history, we have been asked to

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give the equality principle formal and explicit Constitutional status in the form of the Equal Rights Amendment.

Recent events have suggested that the egalitarian *Zeitgeist* in America is currently on the wane. If so, we have no reason to be embarrassed at such a development. One does not have to deny a basic equality among men in order to resist the various forces which would reduce us to a bland uniformity. Nor does it take a refined intellect to perceive that vulgar egalitarianism represents a distinct threat to the liberties Americans have long cherished as fundamental to their heritage. An instinctive preference for liberty is quite in keeping with our national character. The American ethos has been informed far more by the principle of liberty than of equality, and not even the Declaration of Independence tells us otherwise.

—FOOTNOTES—

[1]Willmoore Kendall, "Basic Issues Between Conservatives and Liberals," *Contra Mundum*, edited by Nellie D. Kendall (New Rochelle, N.Y.: Arlington House), p. 579.

[2]Jonathan Elliot, ed., *The Debates in the Several State Conventions on the Adoption of the Federal Constitution as Recommended by the General Convention, in 1787.* 5 vols. (New York: Burt Franklin, 1966), II, 133. The speaker cited is Samuel Nason of Massachusetts.

[3]Cecelia Kenyon, *The Antifederalists.* (New York: Bobbs-Merrill, 1966), p. 262. The speaker cited is Patrick Henry of Virginia.

[4]J. Franklin Jameson, *The American Revolution Considered as a Social Movement* (Boston: Beacon Press, 1959). Originally printed in 1926, this work exerted a powerful influence on later historical research.

[5]It should be noted that for the purposes of this essay the distinction between soul and mind is of secondary importance in its implications.

[6]By no means, however, have all the interpretations of the Declaration's famous clause been simplistic equalitarian efforts. Some of the more perceptive students of the equality principle (such as Harry Jaffa and Charles Kesler) have concluded that it does not imply any sort of leveling at all. Rather, they contend, it suggests a basic equality of natural rights, viz., life, liberty, and the pursuit of happiness. Thus, the argument goes, "the doctrine of Equality" is the central principle of the American Experience, rooted as it is in the basic equality of man. (Charles Kesler, "A Special Meaning of the Declaration of Independence," *National Review* XXXI, No. 27 (July 6, 1979), pp. 850–859) As attractive as this argument may be, it suffers from several weaknesses. First, the Declaration of Independence itself does not explicitly give any content to its famous equality clause. Second, the priority of equality to liberty as an *end* is not established. That is, we may concede for argument's sake that equality may have had to some of the Fathers a certain priority to liberty as a means to an end (as surgery may be prior to health, for example), but certainly not in the sense of being of greater importance to them, a point clearly manifest in the Constitution's preamble.

[7]The phrase has been used on countless occasions, not only by various liberals but by many respected non-equalitarians as well. To give just one instance, no less an authority than Harry Jaffa has been cited (by his devotee, Charles Kesler) as arguing in the name of opportunity that "The purpose of the (athletic) race is to find out who *is* the fastest, and this can be done only if the start of the race is fair." (Kesler, p. 858)

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Hal Watkins

The Two-Wheeler Lesson

THE first major Japanese motorcycle company, Yamaha, came to the United States in 1958. At that time Harley-Davidson was the only American manufacturer left on the scene, and that year they made 12,676 motorcycles. Today Harley-Davidson has only a small fraction of the market in this country, but they sold about 35,000 last year. That's 22,000 more than they sold in 1958. In twenty-seven years H-D has nearly tripled their production.

Most of the people riding motorcycles today certainly would not be doing so—and probably would not even give the idea second thought—if it were not for the Japanese bikes. The image of the bike rider has changed. Middle-class, Yuppies (young urban professionals), and senior citizens are cruising the freeways and vacationlands on two-wheeled "Winnebagos." The Hell's Angels types are a definite minority and continuing to fade from the scene.

The quality of all the motorcycles has been vastly improved. Twenty-seven years ago the best available to Americans was a noisy, vibrating, two-cylinder, oil-leaker that would rarely start on the first kick of the crank. Thanks to the "Oriental Express" we can now enjoy a cycle symphony that starts with one press of the button. Even the Harley-Davidson riders should give thanks for the Big Four Japanese bikes: Honda, Suzuki, Kawasaki, and Yamaha. Why? Even H-D advertising admits they have changed. Speaking of the 35,000 riders that bought H-Ds last year, their own advertising says these new riders discovered, "Harley had not only changed for the better, it had changed for the best." (*Rider* magazine, May 1985)

In April 1983, Harley-Davidson was able to sell U.S. lawmakers the idea that Japanese bikes were unfair competition for American bikes. As a result of this pressure a tariff of 45% was levied against all imported Japanese motorcycles with a displacement of over 700cc. Some of

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the Japanese manufacturers got around this by assembling their larger models in this country, and they scaled their 750s down to just below 700cc. They want to sell to us, so they stay competitive.

Some readers might ask, "Who cares about motorcycles?" Most of you probably don't. But that's not the point of this essay. One lesson we learn from the two-wheelers is that producers can be very innovative in their efforts to supply the market, and the Japanese are currently the examples of this fact.

The more important lesson for all the world to see, if they only will, is that competition is good for everybody. Twenty-seven years ago Harley-Davidson sold a few motorcycles to a limited clientele. There was virtually no effort to increase the size of the market. (And who wanted to buy stock in H-D? It has changed hands several times in the interim.)

Enter the Japanese Big Four bike makers with sophisticated research, development, innovations, constant improvement and promotion. More Americans became interested in these fancy, trouble-free two-wheelers, and they started riding in ever-increasing numbers. Harley-Davidson saw the handwriting on the wall: "Weighed in the balances and found wanting." Rather than quit, they decided to learn from the competition, retool, and "get with it."

How about the car industry? It's somewhat the same story. American carmakers became fat and lazy. Enter the Japanese carmakers (and some from Europe). What has been the result? We have all been able to get more for our money, regardless of whether it is American or foreign-made. *No one can deny this!*

Who will gain if a tariff is imposed on foreign cars? Well, the American manufacturer directly affected will be able to raise his prices. The benefits stop here. There will be fewer cars on the market, so every potential car-buyer is impacted by the tariff in a negative way. Furthermore, without open competition, quality, research, development, and innovation begin to suffer.

Who wants a basketball game where any player over six feet is outlawed? Would you pay money to see a baseball game in which it is against the rules to hit the ball more than 300 feet? Competition looks for the best—the thing we all want. Harley-Davidson, according to my research, made three bikes in 1903. After fifty-five years of anemic competition on the home front they made fewer than 13,000 in one year. Japanese competition in the past twenty-seven years has stimulated H-D to the extent that last year in order to get just a small piece of the market they turned out over 35,000.

No, maybe you don't like two-wheelers, but the four-wheelers can learn something here, too.

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John K. Williams

The Disease From Which Civilizations Die

SAINT AUGUSTINE once lamented that he knew precisely what he meant by the word "time" until asked to state what he meant. I sympathize with the saint. I know full well what I mean by the noun "civilization," but pinning down the word is a singularly frustrating exercise. *Webster's New World Dictionary of the American Language*—a work somewhat inordinately given to using the term *et cetera*—tells me that "civilization" is related to "social organization of a high order, marked by the development and use of a written language and by advances in the arts and sciences, government, etc." and thus indicates "the total culture of a particular people, nation, period, etc." and "countries and peoples considered to have reached a high stage of social and cultural development." This helps—particularly the reference to the "development and use of a written language" and "advances in the arts and sciences, government, etc."—but I am still dissatisfied: I know not a few men and women deeply involved in government, and not completely ignorant of the arts and sciences, whom I hesitate to describe as "civilized." It is, as the King of Siam remarked to Anna, "a puzzlement."

Non-dictionary definitions of and comments about "civilization" and the "civilizing process" compound confusion. Martin Crombie asserts that "the alchemy of civilization transforms vicious animals ruled by instinct into human beings governed by reason," but Eric Berne tells us that "we are born princes and the civilizing process turns us into frogs." José Ortega y Gasset insists that "civilization is nothing else but the attempt to reduce force to being the last resort," but Will Rogers wryly observes that no one can "say that civilization doesn't advance, for

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in every war they kill you in a new way." On the one hand, Winston Churchill affirms that "to fight for the preservation of civilization is to fight for the survival of the human race," but on the other hand Ralph Waldo Emerson insists that "the end of the human race will be that it will eventually die of civilization." When these conflicting utterances are blended, and are spiced by the suggestion of Calvin Coolidge that "civilization and profits go hand in hand" and the observation of Alan Coult that "the flush toilet is the basis of Western civilization," the search for a definition of civilization begins to look like an exercise in futility.

Civilizations Die But A Continuity Remains

For all this, while no one of us may be able precisely to say what he or she means by "civilization," all of us understand, even if we do not agree with, the assertion that civilizations seem to die. Civilization itself may continue, and much that past civilizations have achieved may be absorbed by new civilizations and thus conserved, but particular civilizations, like individual men and women, are seemingly destined to be born, to grow, to flourish, to fade, and to die.

While it is easy to concede that such a process has characterized civilizations of yesteryear, it is not so easy to believe that this is also true of our own civilization. And yet, the cosmos of which we are a part, and thus human history itself, are vital and dynamic, not lifeless and static. Change is thus inevitable. Since change is of the very essence of reality, no particular state of affairs, and hence no particular form of civilization, are forever. And that is not terrible: rather, it is ground for hope. Tomorrow is not predestined to be a rerun of today. A world more prosperous, more peaceful, more committed to liberty than is our world, is a real and exciting possibility.

I have been unable, alas, to identify the reference, but an observation I noted in a desk calendar and wrote down says it all. "Civilization is a stream with banks. The stream is sometimes filled with blood from people killing, stealing, shouting and doing things historians usually record, while on the banks, unnoticed, people build homes, make love, raise children, sing songs, write poetry and even whittle statues. The story of civilization is the story of what happened on the banks. Historians are pessimists because they ignore the banks for the river." The words are those of Will and Ariel Durant, but where in their writings they are found I do not know.

What happens on the banks is marked by *continuity*. One generation inherits and builds upon what previous generations have achieved.

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In this sense, the insights and discoveries of particular civilizations last. And in this sense, what is great and glorious about our civilization can last. Hence my willingness to affirm that "the American Way" can last and will last. In so speaking I am not, incidentally, seeking to flatter you. The "American Way" has a long history. Insights and ideals for which innumerable people over millennia fought and died came, perhaps by an accident of history, the defining characteristics of "the American Way." Your nation, after all, is unique in that it was "conceived in liberty."

What *can* last and what, I believe, *will* last, are the principles so many for so long sought to establish, and which in this new nation "became flesh." What can and will last is, so to speak, the ringing affirmation that "all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the pursuit of Happiness."

While we cannot pretend that our civilization as it is shall endure until the end of human history, the way to preserve and pass on to those who follow us what is magnificent and awesome about the American Way is to defend all that is excellent in our civilization as it is. Being human—being material creatures living in a spatio-temporal, physical world—we *cannot* defend an abstraction called "civilization itself." Just as the only way to serve an abstraction called "humanity" is to serve particular flesh-and-blood human beings, so the only way to further the cause of civilization as such is to cherish and conserve a particular civilization.

We serve civilization as such, and can *only* serve civilization as such, by serving the best in our own civilization. And one way to do this is to ask what it is that we can do to combat the forces that weaken, that undermine, that erode a particular civilization. Hence the title of my address and the question I wish to explore: *What is the disease from which civilizations die?*

Thucydides

In using the word "disease" I am borrowing a metaphor, an image, used some two-and-a-half millennia ago by a Greek historian named Thucydides.

Thucydides loved the city-state of Athens. His devotion was not to the buildings and environment one could point to, but to a way of life which Athens in the fifth century B.C. embodied. In words Thucydides ascribes to a great Athenian leader named Pericles, that way of life is thus described:

> Our constitution is called a democracy because power is in the hands not of a minority but of the entire people. When it is a question of settling private disputes, everyone is equal before the law.

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> . . . And, just as our political life is free and open, so is our day-to-day life in relation to each other. We do not get into a state with our next-door neighbor if he enjoys himself in his own way, nor do we give him the kind of black looks which, though they do no real harm, still do hurt people's feelings. We are free and tolerant in our private lives; but in public affairs we keep to the law. This is because [the law] commands our deep respect . . . especially . . . those unwritten laws which it is an acknowledged shame to break. It seems just as natural to us to enjoy foreign goods as our own local products . . . and our city is open to the world. . . . We regard wealth as something to be properly used, rather than something to boast about, and as for poverty, no one need be ashamed to admit it. The real shame is not in being poor, but in not taking practical measures to escape from poverty. Here each individual is interested not only in his own affairs, but in the affairs of [Athens] as well.[1]

Now it must be confessed that this description of the Athenian way is not a little idealized. The institution of slavery was a reality in Athens, just as it was in all Greek city-states of the fifth-century B.C. Again, power in Athens could be said to be "in the hands . . . of the entire people" if and only if women did not count as people. Yet for all this, Thucydides' description accurately captures something of what was so magnificent about his beloved Athens, a civilization that gave birth to thinkers, writers, and artists whose insights and works still live, having become part of "civilization itself." Yet the civilization that was Athens did *not* live. It died.

Early in the work from which I have quoted, Thucydides describes a mysterious plague which swept through Athens, elaborating in detail the symptoms those suffering from the disease displayed. At one level this section of his history *is* simply history, a painstaking record of a significant event which most certainly did occur. Yet more than a simple description of what happened is intended. Thucydides *uses* this description as a controlling symbol for his entire work. Athenian civilization itself suffered, he asserts, from a "disease," a disease characterized by particular symptoms. This disease, which in the case of Athens proved fatal, is the disease all men and women of good will must fear. For it is the disease from which civilizations die.

Human Beings and Human Nature

Thucydides frequently uses the phrase, "human nature being what it is" and similar phrases. By so speaking, he is indicating at least two realities, two constants about men and women. First, *human beings are rational.* Men and women are capable of *thought.* They can formulate goals and rationally seek out ways to realize these goals. They can recall, consider, and learn from the past and thereby plan for the future.

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They can envisage not simply an immediate and given present, but a distant and possible future. *Human nature is rational.*

Now rationality dictates, insists Thucydides, the rule of law. Long-term objectives can be realized by an individual if and only if he or she can count upon other people behaving in an essentially predictable way. By this is meant *not* that the individual cannot or should not be spontaneous and creative, and thus unpredictable, but that *some rules and conventions governing the way people relate to each other must exist and must be respected.* Rule by a tyrant's whim or a mob's caprice is undesirable, apart from anything else, precisely because such rule is erratic and unpredictable, precluding cooperative, long-term endeavors. What is permitted today might be forbidden tomorrow; undertakings made in the present might not be fulfilled in the future. Social coordination and cooperation demands, insists Thucydides, the rule of law. And as rational beings, men and women can perceive that this is so.

The Rules of Law

Like many of his contemporaries, Thucydides divides "laws" broadly defined into four groups or sets. First, and perhaps weakest, are the rules signified by the word *manners.* People breaking these rules tend to be regarded as somewhat uncivilized and uncouth, but that is all. Ill-mannered people may not be invited to dinner parties, but they are not perceived as *"bad"* people.

Then come the rules signified by the word *morals.* These rules are significantly stronger than the rules we call "manners." People breaking *these* rules are perceived not simply as irksome, antisocial irritants but as *evil* people.

Third come the rules making up the *written laws* of a community. These rules, stronger than both manners and morals, are the rules which, if broken, incur a penalty imposed by a court. While some "immoral" actions may also be "illegal" actions, not all are. Thus the sexual license so uproariously depicted in the plays of the Athenian comedian, Aristophanes, while certainly not *illegal,* was no less certainly regarded as *immoral.* The sphere of morality, and the sphere of legality, were not perceived by the Greeks as identical.

Manners. Morals. The written laws. And a fourth set of rules: the *"unwritten laws which it is an acknowledged shame to break."* These laws were perceived as *so* basic, *so* fundamental, *so* important, that they did not need to be written down. For the Greeks, these laws were two: honor the dead, and honor the gods, including the gods of others. In a sense, these two laws reduce to a single imperative: respect other people as people, possessing a worth in and

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of themselves, and respect the values other people hold, even if those values are other than one's own. In more contemporary language, we might define the "unwritten laws" as what some philosophers call *reciprocal respect for autonomy*, a respect for the personhood of other people and their capacity to formulate and strive to realize their own peaceful, noncoercive visions of the "good life." The "unwritten laws."

Rationality, then, dictates obedience to these laws. It is in one's own interest that one is part of a community where certain expectations can be held and long-term goals can be pursued. To be sure, one cannot, given these rules, do exactly what one might wish at a given moment, but neither can anyone else. There is thus an incalculably valuable pay-off, a pay-off more than compensating for the irksome restraint of not always being able to behave with impunity. So affirms reason. So asserts the rationality that is part of human nature.

Alongside rationality is found a second characteristic of "human nature": *a drive to seek immediate, here-and-now pleasure.* Men and women resent whatever curbs their freedom to seek such pleasure. Regardless of the dictates of sweet reason, they chafe at the bit. Thus if a person can acquire the power to defy the rules social cooperation and coordination demand, that person will defy them. If a person can acquire the power to defy the rules and get away with it, that person will, asserts Thucydides, tend to do precisely that.

The first rules to go are usually manners. Then morals bite the dust. Then the written laws are defied. Finally, the "unwritten laws" are forgotten. Resentment and envy are fostered, the powerless detesting the powerful. Factions proliferate. Barbarism reigns.

A Tyrant is Born

And then, asserts Thucydides, comes the end, in one of two forms. A social order without coordination is powerless to defend itself against the disciplined onslaughts of an external power. Or—and more frequently—a people sinking into the chaos of barbarism panic. They cry out for someone—anyone—who will restore some semblance of cohesion and order. And invariably that someone emerges. He promises to give the people what, in desperation, they are grasping for. He promises to restore social order and the rule of law. *But at a price.* In exchange, men and women must surrender their liberty. In this way, the tyrant is born.

Thucydides describes in great detail the symptoms observable as this disease—the disease from which civilizations die—inexorably works its way toward its terrible end, progressively eroding the structures

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and practices that are, so to speak, the central nervous system of a civilized community. I quote him at some length.

"Revolutions broke out in city after city, and in places where the revolutions occurred late, the knowledge of what had happened previously in other places caused still new extravagances . . . in the methods of seizing power and . . . unheard-of atrocities in revenge. To fit in with the change of events, words, too, had to change their usual meanings. What used to be described as a thoughtless act of aggression was now regarded as the courage one would expect to find in a party member; to think of the future and wait was merely another way of saying that one was a coward. . . . Fanatical enthusiasm was the mark of a real man . . .; [anyone] who held violent opinions could always be trusted; anyone who objected to [such opinions] became a suspect. . . . Family relations were a weaker tie than party membership, since party members were . . . ready to go to any extreme for any reason whatever. These parties were not formed to enjoy the benefits of the established laws, but simply to acquire power. . . ."

Continues Thucydides: "Love of power . . . was the cause of all these evils. . . . Leaders of parties in the cities had programs which appeared admirable—on the one side equality for the masses, on the other side safe and sound government by an aristocracy. Yet by professing to serve the public interest, party leaders and members in truth sought to win . . . prizes for themselves. . . . [With] the conventions of civilized life thrown into confusion, human nature, always ready to offend even where laws exist, showed itself in its true colors . . ., repealing general laws of humanity which . . . give a hope of salvation to all."[2]

Thus the symptoms. Then the end. Whether externally imposed or internally generated, tyranny and despotism triumph. Liberty dies, and with it a civilization. The joyous songs of a free and civilized people are silenced. The disease from which civilizations die has worked its way to its end.

Here endeth a brief and sketchy lesson from a volume penned by a genius whose name is never heard by many students. They prefer, you see, "relevant" books and contemporary names. And those of us who should know better capitulate, fearful of incurring our children's wrath. We proffer amusing mini-courses about ephemeral interests instead—then wonder why it is our young know little about the heritage that is rightly theirs.

Moral Decline

As a preacher, I might be expected to point to the breakdown in West-

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ern societies of moral rules. Clearly, all is not well. In his monumental volume, *Modern Times: The World From The Twenties To The Eighties*,[3] Paul Johnson documents the rise in the West of moral relativism and moral subjectivism. More and more, moral rules are perceived *either* as arbitrary prescriptions and proscriptions relative to a particular society, having no rootage or grounding in the nature of things, *or* as expressions of personal taste, a difference over the merits of cruelty for its own sake being akin to a difference over the merits of a particular flavor of ice cream.

Yet in spite of this, I suggest that anyone tempted to assert that our civilization has sunk to hitherto depths of moral depravity, read some history. The eighteenth-century writer, Tobias Smollett—author of that ever-delightful work, *The Expedition of Humphry Clinker*—describes the highways of his day as being "infested with violence and assassination" and the cities of his age as "teem(ing) with the brutal votaries of intemperance and lewdness." London in 1839 boasted 933 brothels and 844 houses of ill-fame to serve a population of some two million people. Hooliganism is no more rampant in New York City today than it was in *nineteenth*-century London, where gangs such as the "Bucks" and "Corinthians" perfected traditions of sheer terrorism elaborated by their eighteenth-century predecessors, the notorious "Mohocks." Consider this description of the Mohocks: "Nobody who was alone was safe from their cowardly assaults. They attacked at random any unarmed person who was out after dark. They assaulted unprotected women; they drove their swords through sedan-chairs; they pulled people from coaches, slit their noses with razors, stabbed them with knives, ripped the coach to pieces, and then . . . killed."[4]

The barbaric behavior of English soccer fans which recently shocked a disbelieving world has its parallels in the eighteenth century, the major difference being not the mindlessness of the behavior but the fact that, today, we at least *are* shocked.

The situation is complex. There *is* something depraved about an age witnessing self-styled world leaders applauding a speech delivered by Idi Amin on October 1, 1975, at that cabal of tyrannies laughingly described as the United Nations. There *is* something profoundly disturbing about a generation of adults that seemingly has lost its moral nerve, leaving the young to improvise their manners and morals as best they can. Yet to assert that we are experiencing an unprecedented moral decline is to go beyond the evidence. Suffice to suggest that, if we take seriously Thucydides' claim that a disregard of the rules we call manners

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and morals is indeed symptomatic of the disease from which civilizations die, we cannot be complacent with impunity.

The Rule of Law

What *is* beyond dispute is that we today have largely departed from the rule of law. "When it is a question of settling private disputes, *everyone is equal before the law,*" asserts Thucydides. Citizens of Western nations not so long ago could echo this assertion. Today they cannot.

The founding fathers of this nation meant by "equality" precisely what Greeks such as Thucydides meant by the term *isonomia*—namely, *equality before the law.* There are to be no special laws for special classes or castes or elites, laws privileging some but disadvantaging others. Indeed rules which *do* single out particular individuals or particular sets of individuals were not, for the Greeks, properly called laws at all, but "edicts" or "decrees." Even when such rules are backed by the majority, they remain other than laws proper, "the decrees of the *demos*—the people—correspond(ing)," as Aristotle puts it, "to the edicts of the tyrant."

This truth was clearly and unambiguously perceived by those who in the seventeenth and eighteenth centuries defended the political philosophy of classical—*classical*—liberalism, and was no less clearly perceived by your founding fathers. They established a republic, not an unrestricted democracy; they advocated not the absolute rule of any majority but the constitutionally defended liberties of minorities, even minorities of one; they defended not rule by any principles securing majority approval, but by principles of conduct equally applicable to all. Justice was portrayed as a blindfolded figure. She did not see *who* stood before her. That did not matter, for whoever you were—rich or poor; Catholic, Protestant, Jew or "Infidel"; educated or unlettered—your "rights" were the *same.*

This understanding of the "rule of law" is utterly vital for a free and civilized community. Rules which single out special classes, castes, or elites breed the factionalism and scheming Thucydides laments, foster the envy Thucydides deplores, and precipitate the civil strife and dissension Thucydides fears. No matter what impressively high-minded terms are appealed to as justification for any departure from the rule of law properly understood—"social justice" or whatever—the outcome remains the same. And that outcome is disaster for a free and civilized society.

And let us not delude ourselves. In recent decades Western civilization *has* witnessed a departure from the rule of law, classically defined. Justice is no longer blindfolded, supremely indifferent as to who it is

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standing accused before her. She peeks! "Tell me who you are," she asserts, "and *then* I shall tell you your rights." The notion that all enjoy absolutely equal "rights"—essentially the "right" to formulate and strive to realize *any* vision of the "good life," given only that such striving and such visions are peaceful, and that all are to be protected by government from violence, theft, and fraud—has been unspeakably attenuated. "Equality of rights" and "equality before the law" have succumbed to a different vision of "equality"—an egalitarian sameness secured by edicts and decrees which advantage some but disadvantage others.

The very nature of government thus changes. No longer is government given the vital but limited task of enforcing a single set of rules, protecting all from actual or threatened violence, theft, and fraud, and thereby ensuring that all *are* equally free to formulate and strive to realize their own visions—their *diverse but noncoercive* visions—of the "good life." Rather, government becomes the means whereby one group of people seeks favors and advantages at the expense of rival groupings of people. A massive redistributive apparatus proliferates zero-sum games whereby some gain and others lose. Factionalism is encouraged, envy is increased, and government becomes not the protector of all but what Frederic Bastiat, the great French classical liberal thinker, called "the fictitious entity by which everyone seeks to live at the expense of everyone else."[5] And according to Thucydides, this eroding of the rule of law signifies the presence of the disease from which civilizations die.

The Family

I make no apologies for drawing your attention to Thucydides' specific reference to *the weakening of family ties* as a further symptom of the disease from which civilizations die. Indeed I would urge you to read a singularly scholarly volume penned by the courageous Russian dissident, Igor Shafarevich, entitled *The Socialist Phenomenon.*[6] While a mathematician by training—indeed until recently Shafarevich was a professor of mathematics at Moscow University—he displays in this volume an utterly awesome historical knowledge, and he uses that knowledge to document with compelling thoroughness the hatred statists and collectivists invariably have had for the family unit. It would seem to be the case that opposition to individual liberty inevitably leads to opposition to the family.

Because I am committed to the rule of law, I cannot and do not advocate laws specifying the family unit and deliberately seeking to foster and favor the family unit. I must, in the name of the rule of law, oppose all

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rules the objective of which is the realization of some particular vision of the "good life"—save, of course, visions involving the actual or threatened coercion of people not sharing those visions.

What I oppose in the name of the rule of law is the perhaps unintentional weakening of the traditional family by welfare schemes which in practice encourage a breakdown of the family unit. It would be impertinent for me to refer to the situation in your nation. But I can refer you to Charles Murray's devastating critique of American social welfare policy, *Losing Ground.*[7]

All I ask is that governments mind their own business and get out of the way as individuals organize their social relationships. The traditional family is, in my judgment, so grounded in biological and emotional reality that it can look after itself. The only further suggestion I make is that individuals caring about strengthening the traditional family, involve themselves in voluntary organizations assisting families in trouble—financial assistance, counseling, and so on.

Be that as it may, the undermining of the family is, as Thucydides perceived so long ago, a symptom of the disease from which civilizations die.

Individual Integrity

Finally, according to Thucydides, the disease from which civilizations die afflicts the "best" members of a society, not simply the "worst." Given immoral social institutions, the "best" are tempted to compromise their principles. By so yielding, however, those who should know better become infected cells carrying the disease, rather than healthy antibodies fighting the invader.

Some lines of George Meredith say it all:

> In tragic life, God wot,
> No villain need be. Passions spin the plot:
> We are betrayed by *what is false within.*

I know the alibis, being extremely gifted in the less than noble art of rationalization. I am robbed, say, by a pickpocket. At some future date, I acquire some clout over the pickpocket. Is it not proper that I retrieve all or some of what rightly is mine? Similarly, is it not right that I join in the scramble to the government trough, retrieving what has been taken from me, at least in part? *But the analogy is flawed.* We are not retrieving from the pickpocket what is ours; we are rather sending him out to pick other pockets—including those of our children and our children's children—and sharing in the loot. We are partners in crime, not victims enjoying a measure of restitution.

I am not referring to forms of involvement in a less than ideal system that cannot be avoided. In my nation, the only way I can opt out of

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a socialized medical system is to seek out some ex-doctor, struck off the lists, and negotiate an undisclosed cash payment; and frankly I'm not prepared to entrust my physical well-being to some probably incompetent rogue. I go to the ballet, even though I know that money coercively extracted from football fans and movie buffs for the most part less affluent than am I is subsidizing my extravagant tastes. Total disengagement with a less than ideal system is acquired only by opting out, and, with like-minded souls, seeking a deserted island on which to set up a utopia—but such islands are few and the pioneering spirit is not, alas, mine.

I am, however, referring to an involvement we could avoid *if we were willing to pay the price.* Many of those who state that they value liberty, and a politico-economic system informed by liberty, tolerate in themselves a measure of involvement with Statist structures that is not necessary, and which makes their professed values ring hollow. In this sense we are, in Meredith's words, betrayed by "what is false within," becoming carriers of the disease from which civilizations die.

Conclusion

No person with eyes to see, and certainly no person with eyes alert to the symptoms detailed by Thucydides of the disease from which civilizations die, can entertain the fantasy that all is well with our civilization. Yet I am utterly convinced that our situation is far from hopeless, and that the "disease" can be curbed and conquered.

I believe the American inheritance is the greatest inheritance ever given to any nation: "A *new* nation, *conceived* in liberty, and *dedicated* to the proposition that all men are created equal." In this land the dream of the ages was earthed, and became the very foundation upon which a people began to build. The revolution that gave you birth was unique. Other revolutions ended in terror or Napoleonic empire. *Your* revolution challenged at its beginning, and has challenged ever since, all dominations and tyrannies, all prejudices and bigotries, all predatory institutions enslaving and debasing the free spirit of humanity. Your revolution enshrined and still enshrines the cry that people are not chattels, not pawns on a planner's chessboard, not divided by "nature" into lords and serfs. It is therefore sacrilege to enslave them, infamous to engineer them, criminal to degrade them and seek to smother the liberty that burns in their being.

And that is your strength. For the liberty upon which this nation was and is built is not merely a value created by or equal to a taste some of us happen to have acquired. It is grounded in the very nature of hu-

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man reality. In the absence of private property rights, the absence of changing relative money prices in a market economy—in the absence, to put it bluntly, of economic and individual liberty—a community literally *cannot* use what it has to acquire what it wants, and the hungry will not be fed, the naked will not be clothed, the destitute will not be sheltered.

More, there is in the human spirit a yearning that can never utterly be silenced, a yearning for freedom to formulate one's own vision of the "good life" and seek to realize that vision. I know that there is another voice and another yearning—a voice that whispers fearfully of the risks and responsibilities freedom involves, and a yearning to be carried through life. Yet the voice that says, "Stand on thy feet, take up thy bed and walk," has the last word, for it is stronger than the voice which, in the name of an illusory security, lures us toward the collective grave of statism.

You and I are on the side of life. Yes, we must act as though everything depended upon the labors of our hands, the intensity of our thinking, the devotion of our hearts. Yet if liberty *is* written into the very structure of our individual and social being, victory in the end is sure. If only we stop compromising; if only we as educationalists and adults do what A. N. Whitehead said we *must* do, and expose our children to the "habitual vision of greatness" by telling them the story of humanity's struggle toward freedom; if only we stop apologizing or indulging in neurotic guilt, *and* stand tall at mention of the "American Way" as I have defined and as your forefathers defined it and not as foolish rabble-rousers define it. If only we do this the victory shall be ours. Of course there will be set-backs. Of course there will be disappointments. Since when has the long, slow journey from the slavery of Egypt to the promised land of freedom been other than through a wilderness? Yet that "wilderness and the solitary place *shall* be made glad, and the desert *shall* rejoice; it *shall* blossom abundantly and rejoice even with joy and singing."

—FOOTNOTES—

[1]Thucydides, *The Peloponnesian War,* trans. Rex Warner (Harmondsworth: Penguin Books, 1954), pp. 145–46.

[2]*Ibid.*, pp. 242–45.

[3]Paul Johnson, *Modern Times: The World from the Twenties to the Eighties* (New York: Harper and Row, 1983).

[4]Cited by J. Hemming, *Individual Morality* (London: Nelson, 1969), p. 6.

[5]Frederic Bastiat, "The State," trans. S. Cain, in *Selected Essays on Political Economy,* ed. George B. de Huszar (Irvington: Foundation for Economic Education, 1968), p. 144.

[6]Igor R. Shafarevich, *The Socialist Phenomenon* (New York: Harper and Row, 1980).

[7]Charles Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984).

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Henry Hazlitt

The Limitations of Profit-Sharing

A funny thing happened on March 28 of this year. The *New York Times* ran as its leading editorial a piece entitled "Best Idea Since Keynes." This must have puzzled many readers. The main idea of Maynard Keynes was that the sovereign remedy for almost any economic depression was more credit creation, i.e., inflation. Bitter experience has already taught an increasing number of economists that this is the most dangerous "remedy" of all.

Passing over this difficulty, what is this "best idea since Keynes"? According to the *Times* editorial writer —profit-sharing!

He treats this as if it were a brand-new idea, and gives all the credit for it to "Martin Weitzman, an M.I.T. economist, . . . in a readable little book, called *The Share Economy* which was published last October. . . . The core of his idea is something like profit-sharing; to change our system of fixed-rates to one in which workers' incomes are determined by company performance."

The *Times* thought so much of this that it ran another article on the same subject about a month later, on April 25.

The first thing that needs to be pointed out to the *Times* is that profit-sharing, as an applied idea in individual firms, is at least nearly two centuries old. It has usually taken the form of a supplementary payment to fixed wages. The first venture of any size seems to have been that of the French National Fire Insurance in 1820. During the nineteenth century it got a further extensive trial in Britain, Germany, Holland, Italy and Switzerland. There were a number of such schemes in the U.S. between 1910

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and 1930, but most of them were abandoned in the depression of the 1930s.

Why weren't there more? Why are profit-sharing arrangements for workers still so rare?

Market Determined Salaries

Let us begin with the reasons from the standpoint of the employer. If he hopes to attract competent workers, he will know that he must offer (even apart from union demands) at least the going market rate of wages or salaries. If he offers his workers a profit-sharing plan, it must be *in addition to* this basic market-rate.

Employees for the most part feel that they cannot afford to gamble—that they cannot be left in doubt regarding their future income, unless it is almost certain to be larger than the going market rate of wages or salaries. Workers would feel that under straight profit-sharing their future would be much more dependent on the decisions of management than on their own individual performance. And as we shall shortly see, they would be right.

Moreover, the employer in a prosperous firm, instead of offering a profit-sharing plan, has another choice. He can simply offer a specially competent worker a higher salary than the average for that type of work. Most good workers would probably prefer that to a profit-sharing gamble. The employer, in turn, would be free to adjust his payment to each particular case.

Now let us look at profit-sharing further from the standpoint of the employee. The advocates of profit-sharing contend that it is or would be a great stimulus to increase the workers' output and effort. This is very doubtful.

Let us consider a firm with 100 workers. An individual worker, even if he doubles his effort or output, would stand to increase his individual share of profits by only 1 per cent or less. If he worked for a firm with 10,000 employees or more, his increased share of profits would be infinitesimal. Of course, if all the workers increased their effort and output they would stand to achieve a more substantial share of profits; but it would be very hard to get them to think collectively, or for each to trust all the others.

The *Times* editorial, perhaps taking its cue from the Weitzman book, offers a hypothetical example of how profit-sharing might work in practice: "Imagine that General Motors . . . had agreed in such negotiations to pay its workers 70 per cent of revenues. Since it would keep 30 per cent, G.M. would want to keep hiring as long as the additional workers made any contribution to revenues."

This example reveals that the *Times* writer did not know what the *average* division of corporation earnings has actually been under the

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present wage system. Over a long period of years, as shown by figures compiled annually by the Department of Commerce, non-financial corporations have paid about 90 per cent of their total net earnings to their employees and retained an average of only about 10 per cent in profits. This division, of course, has not reflected any intention on the part of the corporation stockholders. It has merely been what has happened in fact.

The *Times* writer believes that the introduction of profit-sharing would reduce our recent persistent American unemployment rate of about 7 per cent. It is doubtful that it would have any effect at all in this direction. Our unemployment rate has been mainly brought about by two governmental policies. One of these is our legal minimum wage. This has decreed in effect that if a man cannot be employed at a certain minimum legal rate per hour he must not be employed at all. The result was dramatically shown when the minimum wage was first enacted, and threw thousands of teenagers, and particularly black teenagers, out of jobs. The other government policy that assures continued joblessness is high and prolonged unemployment insurance or relief. The *Times* news columns frequently refer to jobless men and women who have become "too discouraged to look for work." As long as they have an assured income whether they work or not, their "encouragement" to look for work will remain low.

One final thought. I am assuming that neither Mr. Weitzman nor the *Times* is proposing to introduce profit-sharing by force. This would be an appalling proposal. But if coercion is not used, all employers are still free, as they have always been, to offer workers profit-sharing plans instead of straight wages, and unions or individual workers are free to express their preference for them.

I suspect that risk-taking will continue to be left to the entrepreneurs, where it belongs, and that employees will continue to prefer the relative assurance of a fixed and more dependable income.

IDEAS ON LIBERTY

To Get a Higher Real Wage

THERE IS ONE WAY and only one way for workers to get a higher real wage, and that is by higher production. As workers and management jointly turn out more goods for every hour of work, the real earnings of the worker increase, as they always have, and the standard of living improves. There is no other answer to the problem. Labor unions cannot raise the standard of living of all the workers, and the fiat of the government never can do it. The productivity of industry is the only answer.

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E. Barry Asmus
Donald B. Billings

The Morality of Capitalism

A powerful and factual case has been made for the remarkable and unprecedented economic progress which inevitably follows the adoption of competitive capitalism and its central institutions of private property and voluntary social arrangements. Even Karl Marx, in the *Communist Manifesto,* pronounced capitalism a great "engine of growth." Undeniably, however, the market system of capitalism continues to be viewed as materialistic, ethically unjust, and consequently immoral by great numbers of people all over the world. This view is especially strong among the majority of so-called intellectuals.

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This article is taken from their book, *Crossroads: The Great American Experiment,* published in 1984 by University Press of America. Reprinted by permission of the publisher.

Never mind the historical fact that systems other than capitalism trample freedoms, spawn totalitarian political regimes, reduce opportunity, and make a mockery of economic efficiency. Despite the evidence that central planning and economic equality lead to government intervention in private actions, and often ruthless dictatorship, the committed socialist of the left or right nevertheless believes that a small dose of socialism will one day glorify the human situation.

Interestingly, an increasing number of America's intellectual elite, known for their belief in "the mixed economy," "the middle way" or "economic democracy," are emerging from the socialist closet. They either admit to being socialists or, at the very least, are expressing preferences for an institutional mix other than free markets. Motives aside,

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their contention is that capitalism is inherently unfair. Without a moral basis, say the critics, the private property, free-market system could never be compassionate.

In the past, defenders of competitive capitalism have been just as guilty as anyone for perpetuating this wrong-headed view. They have literally spent thousands of hours extolling the virtues of the efficiency of capitalism, free markets, and of the socially useful information generated by prices, wages, interest rates, profits, and losses. Pontificating on the efficiency aspects of capitalism, its supporters have failed to devote enough time and attention to the morality of the system. If the case for the morality of capitalism is not made, either through comparisons to its real world alternatives or on the basis of principle, then the probability of the great American experiment surviving is slim indeed.

The Moral Case for Capitalism

In fact, it should be clear that the most important part of the case for economic freedom is not its vaunted economic efficiency nor its dramatic success in promoting economic wealth and well-being, but rather that capitalism is consistent with certain fundamental moral principles of life itself. These are principles that respect the dignity and individuality of each person and that don't try to manipulate people as objects but recognize a person's rights and values. They seek to use persuasion and voluntary exchange rather than coercion and force. Competitive capitalism thrives on the non-aggression principle of human freedom.

The requirement that transactions in the private property market order must be voluntary guarantees that the moral and physical autonomy of persons is protected from violent attack by others. Force is inadmissable in human relationships under a regime of capitalism. Personal freedom, and therefore economic and political freedom, is not "ethically indifferent," but a necessary condition of morality. Violence or the use of force against other individuals, which necessarily denies the most fundamental character of human freedom, the safety of persons and their property, is inconsistent with a moral order. The moral life requires that individuals act and make choices free of external intimidation and coercion. Friedrich Hayek reminds us of certain fundamental conditions of the moral life: "It is only where the individual has choice, and its inherent responsibility, that he has occasion to affirm existing values, to contribute to their further growth, and to earn moral merit." Moral choice presumes the necessary freedom to exercise our responsibilities.

The free market system, in which

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only voluntary and mutually beneficial exchange is permitted, is consistent with freedom-of-choice, and, therefore, offers the greatest potentiality for a moral order in which the integrity of the individual conscience is respected. Hayek, in a warning to us about the undesirable consequences of a planned, socialist order, wrote in his book *The Road to Serfdom* that only:

> . . . where we ourselves are responsible for our own interest . . . has our decision moral value. Freedom to order our own conduct in the sphere where material circumstances force a choice upon us, and responsibility for the arrangement of our own life according to our own conscience, is the air in which alone moral sense grows and in which moral values are daily recreated in the free decision of the individual. Responsibility to bear the consequences of one's own decisions are the very essence of any morals which deserve the name.

It is frequently asserted that the materialistic character of capitalism is at the very least amoral. However, it is surely an error to blame a social system for being too concerned with material things simply because the individuals in that system remain free to decide for themselves those goals which are to be pursued.

The practice of blaming capitalism for being materialistic is to miss the point. Most would agree that capitalism does have a record of organizing resources efficiently. It is also important to note that very few people go hungry under this system. In comparison, socialism fails on both counts. Yet, material abundance is admittedly but *one* of the positive attributes of living. In most societies of which we are familiar, it is only a minority who are not concerned with economic growth and material gain. As much or even more than market economies, socialist nations of both the left and right place most of their emphasis on economic growth, industrial production, and personal sacrifice in the pursuit of material ends.

Unfortunately, the people in planned societies who are not materially oriented, those, for example, who might want to pursue the life of a recluse, take a vow of poverty, or seek some spiritual end, are perse-

Crossroads is an important and comprehensive presentation of the rise, decline, and restoration of freedom and the market economy. The authors do an outstanding job of introducing readers to the history and nature of the American free market experiment. Copies can be ordered from the American Studies Institute, 3420 East Shea, Suite 266A, Phoenix, Arizona 85028: Paper $14.25, Cloth $26.75. Please add $1.50 for shipping and handling.

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cuted. Freedom, it seems, is more important to the minority of those who do *not* have material objectives than it is to those who do. Only in a decentralized, pluralistic, private property order can inalienable rights of these persons who are different be secure. But whatever the goals of individuals, whether virtuous, materialistic, or whatever, the market still seems to be the most humane way mankind has found for dealing with the economic problems of scarcity and the efficient allocation of resources.

The Humane Effects of Freedom

One of the great advantages of a social system characterized by social cooperation through mutually beneficial exchange is the opportunity and scope for sympathy, beneficence, and human friendships. Indeed, the libertarian scholar Murray Rothbard reminds us that "... it is far more likely that feelings of friendship and communion are the effects of a regime of contractual social cooperation rather than the cause." Each individual has a uniqueness. In that sense, it is difficult for anyone else to say what will or will not lead to another's fulfillment.

Naturally, when we disagree with a person's actions, there exists the tendency to save that person from himself. Fortunately, capitalism tends to favor those who respect the sanctity of the other person's autonomy because of the respect for and enforcement of private property rights. The deterioration in many socially useful conventions, and the decay of morality which people have felt in recent years, are partially the result of our shift in thinking from personal to social responsibility. As persons are told their behavior and circumstances are not their fault, behavior is modified, society is indicted, and government is viewed as the only institution capable of solving the problem.

The work ethic, encouraged by the institution of private property, represents an important source of moral responsibility as well as a continuous reminder that our actions always entail costs. The essential ingredients of a free market order define a set of social institutions which encourage mutual respect for each and every individual. In contrast with all other economic systems, competitive capitalism operates on a set of rules which encourages mutual respect for persons with whom we interact.

The processes by which we satisfy material wants through social cooperation do not exhaust the goals which individuals might hope to achieve. The search for personal happiness and inner peace, for example, must be found within the individual alone. Nevertheless, mankind's social relationships are generally far more peaceful under a

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system of private property and free trade. The period between the Napoleonic Wars and World War I, the heyday of competitive capitalism, represented a century relatively free of the brutality of war. Furthermore, competitive capitalism was the first social system in human history to direct an individual's desire to become rich by peacefully supplying greater quantities of goods and services for other human beings.

The market process has been especially productive in providing greater abundance for the working class and the poor. Unfortunately, the alternative to serving other people's wants through voluntary exchange is to try to control their lives through the use of force. Wherever socialism has prevailed, it has invariably meant lower living standards for most people, and the subjugation of the many by the privileged few. A socialist country of the left or right, with few if any exceptions, means a totalitarian political regime in which other civil and human freedoms disappear and a form of slavery ensues.

Capitalism and Religion

The case for morality and justice of the system of capitalism rests on the intimate and complementary connection between private property and voluntary arrangements, and the sovereignty of the individual over his own life. We tend to take the concept of individuality for granted, but in reality, this concern and interest for the individual came into its own only with the rise of capitalism. In fact, the market system, far from dehumanizing man, finally allowed him to assume his full individuality. The individual conscience and its potential for discerning right and wrong, which was recognized during the early Christian period, came to full fruition under the system of competitive capitalism.

The "dawn of conscience," that point in history in which individuals were first argued to be morally free and, therefore, responsible for their actions, first appeared in Egypt and was later borrowed and developed by the Jews. Later Jesus and the Apostle Paul outlined a view which recognized the unique personality of each human being. Essentially, this account represented an individualistic view of mankind which maintained that the individual's soul is the most important thing about him. Christianity provided an environment in which individuals, in order to gain salvation, made choices from a position of free will.

Not only did the church discover that individual souls were worth saving, but Christianity also implanted the concept of the "rule of law." This attention to the notion of legality also proved to be important in the development of the idea of freehold property and the land deed

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in the Western world. Admittedly, these contributions were largely to protect the church and its institutions and property from the power of the secular State. But over time, the principles of the "rule of law," and the private ownership of property were progressively expanded to the relationships between individuals. There is a distinct and important connection between the Judeo-Christian morality and a free-market economy. This relationship rests on the established view of the central importance of the individual in the analysis of social relationships.

The system of free and open markets is most conducive to the perfection, or at least improvement, of man's free will, which tends to generate and make moral behavior possible. One can learn correct behavior only if one is allowed to make mistakes and, hopefully, to learn from them. After all, one possible consequence of making a mistake is wisdom. Unfortunately, the larger the influence of government in peoples' lives, the less opportunity there exists for an unhindered and free exercise of a person's moral faculties.

Society itself cannot be moral or immoral; only individuals are moral agents. Following the argument developed by Arthur Shenfield, it would appear that in an economic system, ". . . if its essential characteristics on balance positively nurture or reinforce moral or immoral individual behavior, [then] . . . it is a moral or immoral system in its effects." Competitive capitalism, under the rule of law, positively nurtures moral behavior and, therefore, can be moral in its effects. Where justly acquired property rights are defended, and where contracts are enforced, and where the rule of law applies, then "the voluntary nature of capitalist transactions propels us into respect for others."

Morality and Personal Taste

It is, of course, impossible to argue that a system of competitive capitalism will always produce values and behavior of which we would individually approve. However, it is important that we tolerate the "undefendable," undesirable or annoying behavior of others as long as it is peaceful. An individual should not violate what the nineteenth-century sociologist Herbert Spencer called his "law of equal freedom," which states that ". . . every man has freedom to do all that he wills, provided he infringes not the equal freedom of any other man." Consequently, peaceful, non-violent human action is not a crime. Those who really believe in freedom must oppose coercive acts which would deny the possibility of a moral life by preventing that freedom of choice which morality requires. Given the uniqueness of individuals and the varied goals they pursue, we must allow actions

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which, while permissable in a free society, are offensive to personal tastes.

Lysander Spooner, a great and passionate defender of individual liberty during the nineteenth century, recognized an important distinction: the criminal and/or violent invasion of one's person or property is different in kind from behavior, ". . . whilst perhaps immoral in some broader sense, must be allowed to flourish, and even be given the full protection of the law." Morality is impossible unless one has the freedom to choose between alternative courses of action without external coercion. It was the great humanitarian, Albert Schweitzer, who said that civilization can only revive when there shall come into being a number of individuals who would develop a new tone of mind, independent of and in opposition to, the prevalent one among the crowd—a point of view which gradually wins influence over the collective mind and in that manner determines its character.

Only a movement grounded in a revised ethical perspective can rescue us from this relentless slide into collectivism. Necessarily, the revised moral point of view will come into existence *only by individual choice.* Once again, we encounter the proposition that it is the free market economic system of private property and voluntary exchange which maximizes the *potential* for leading a moral life.

The effects and results of the competitive process under capitalism are generally consistent with a moral order, but even when they are not it is still terribly important to oppose coercive restrictions of human behavior unless they violate the law of equal freedom. Diverse lifestyles and unique opinions represent one of the main arguments for human liberty. It is under a system of private property and free markets where sometimes annoying or even obnoxious activities are protected by the laws of a free society.

Morality and Its Alternatives

In summary, the system of institutional arrangements called "capitalism," a disparaging reference for many people, is unquestionably more consistent with morality and justice in our social arrangements than any alternative set of social institutions presently conceivable to us. The obviously immoral character of the socialist dictatorships in Poland, Cuba, East Germany, the People's Republic of China, the Soviet Union, the Ayatollah's Iran, and the right-wing fascist dictatorships in countries like Argentina and Chile, where the most elementary human freedoms are suppressed, and where millions of human beings have been murdered in the name of a new social order, documents the case for the

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free, open, and decentralized market system.

Poverty and brutality are repulsive. From any point of view, starving children must be viewed with anguish. We ask then, under what economic systems are the greatest number of people leading lives with sufficient food, self-chosen occupations, and the greatest degree of inward and outward independence? In which countries do individuals have the opportunity to be free, really *free*? Have the socialist countries delivered this choice, mobility, and independence? Or, in fact, is it best nurtured in an open market, private property, and limited government social order?

Within the Limits of Right

These questions have already been answered. The Soviet Union talks about "freedom" and "democracy," but they don't seem to have much of an immigration problem. Communist East Germany, on the other hand, must build massive steel and concrete walls and guard them continuously to prevent an exodus of their people. Even in the so-called "social democracies," the construction of peaceful and egalitarian systems is failing. In recent years the declining French economy, under a more intense Mitterrand brand of socialism, has been on international display. The myth of the Swedish utopia has been fully revealed for what it really is in *The New Totalitarians* by Roland Huntford.

The great French economist and social critic, Frederic Bastiat, writing in the nineteenth century, captured what would be the desirable characteristics of a truly just and moral order. He asked an important question:

> . . . which countries contain the most peaceful, the most moral, and the happiest people? Those people are found in the countries where the law least interferes with private affairs; where the government is least felt; where the individual has the greatest scope, and free opinion the greatest influence; where the administrative powers are fewest and simplest; where taxes are lightest and most nearly equal; . . . where individuals and groups most actively assume their responsibilities, and, consequently, where morals of . . . human beings are constantly improving; where trade, assemblies, and associations are the least restricted; . . . where mankind most nearly follows its own natural inclinations; . . . in short, the happiest, most moral, and most peaceful people are those who most nearly follow this principle: Although mankind is not perfect, still, all hope rests upon the free and voluntary actions of persons within the limits of right; law or force is to be used for nothing except the administration of universal justice.

Understanding that the case we have made for the moral basis of capitalism requires further refinement, we defer to the wisdom of St. Augustine. He argued that material well-being does not necessarily bring

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better choices, a finer morality, or even more happiness. Referring to earth and the human predicament, he writes: "The things which the earthly city desires cannot justly be said to be evil, for it is itself, in its own kind, better than all other human goods. For it desires earthly peace for the sake of enjoying earthly goods. It is all right for men to seek these things, for they are good things, and without doubt, the gifts of God. But there is something better and that is the heavenly city which is secured by eternal victory and peace never ending." That kind of morality is between each person and his God. Salvation is quite another matter.

The Exciting Study of Freedom

Despite the arguments of Bastiat, Hayek, Shenfield, and others, a very interesting and important question remains to be asked. Why has a system of social organization which has produced historically unprecedented increases in living standards in those countries where the principles were practiced, and which simultaneously did so much to reduce man's inhumanity to man during its ascendancy, come to have such a low standing in the minds of so many millions of people? Hayek is surely right when he insists that we must once again make the study of freedom an exciting intellectual issue. Not just for economic, philosophical, or historical reasons, but for the billions of people who, whether they know it or not, must faintly perceive that ideas do have consequences, and that their lives are bound to be affected dramatically by the scribblings of philosophers. "Liberty," said Alexis de Tocqueville, "cannot be established without morality, nor morality without faith."

If America is to survive, its indisputably modern elements must be conjoined with what Russell Kirk calls the "permanent things," and George Nash calls ". . . the spiritual things and the institutions that sustain them."

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Dennis L. Peterson

Economic Prediction and Entrepreneurial Success

WHILE traveling in my car recently, I was intrigued by an illustration given on an audio cassette presentation to which I was listening. It set me to reflecting on the power of the human spirit in a free environment and the futility of government attempts to regulate and predict that spirit.

The speaker was Thomas J. Peters, author of the best-selling *In Search of Excellence*. In the process of discussing his thesis, Peters described a man who defied all the negative predictions and forecasts of the "experts" and created an $800 million company. According to the "experts," what he did was impossible, and he did it in an area that would qualify for the "Least Likely to Succeed" award.

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In every single year since 1930, the "experts" predicted that American consumers had had it with chicken. There was just no more demand for it on the market. Despite the same gloomy prediction for 54 years, Frank Perdue "made it" with chicken! And he did it in the economically "depressed" Delmarva Peninsula. From that unlikely spot, he has successfully expanded into the largest urban areas of the eastern United States, including New York and Philadelphia. His lowest share of any of these market areas is 58 per cent.

On the reverse side of the same tape I had just heard author and lecturer Earl Nightingale recount another story of the economic success that comes from a free human spirit. He told how a milkman named Stew Leonard was seemingly forced out of

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business when a major highway construction project ran through his small dairy.

Rather than surrender to this intrusion by government "progress," Leonard borrowed some money and built another store. Since then, he has expanded it 25 times. Today it is the largest dairy specialty store in the world. It covers 8.5 acres, is patronized by more than 100,000 customers each week, and sells in excess of 10 million quarts of milk a year. This is to say nothing of the "1 million pints of cream, 1 million cartons of yogurt, 100 tons of cottage cheese, 3 million quarts of orange juice, more than 500,000 pounds of butter, 520 tons of salad . . . 1,040 tons of hamburger meat and 1,820 tons of poultry products—oh, and 1.56 million ice-cream cones!"

The accomplishments of Frank Perdue and Stew Leonard could not be predicted by government economists. Their successes are due to the imagination, creativity, and purposeful actions of free individuals in the free enterprise marketplace. They were spurred to these entrepreneurial heights by the desire to make a profit and thereby improve their lot in life. In the process, they met the needs of millions of similar individuals. None of this could have been accomplished by the mere manufacture of charts, graphs, and "guesstimates" by government's economic "experts."

Charts and Statistics

One of the fallacies promulgated and perpetuated in many high school and college economics courses today is the idea that economics *is* charts, graphs, statistics, and predictions. Economics, when taught in such a manner, is perceived as a very complex and mysterious realm into which only the "experts" dare venture. All the rest of us, then, are expected to act and react according to the predictions, presuppositions, and economic philosophies of these "experts."

"The only function of economic forecasting," Ezra Solomon stated, "is to make astrology look respectable." Another wag declared that if all the economic experts who ever lived were stretched out head-to-toe around the earth, they would never reach an accurate conclusion.

While charts, graphs, and statistics are appropriate for the study of *past* economic events, activities, or trends, they have little to do with predicting the quantitative actions of individuals in a free market. The impression that "figures give you all the answers is wrong," Earl Nightingale concluded. "*Figures don't give you the answers.* Figures merely give you the questions."

No less an authority than Ludwig von Mises showed the futility of government planning and prediction in the economy. "The most that can be attained with regard to reality is

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probability," he stated. "The fundamental economic problem," he continued, "consists in the neglect of the fact that there are no constant relations between what are called economic dimensions."

Statistics can also be distorted to fit the views and purposes of whoever is using them. As one of my college economics professors once said, "Figures don't lie, but sometimes liars do the figures!"

There are those who will argue, however, that whereas it may be true that government forecasting and planning were not necessary in the early stages of our nation's economic development, today's rapidly-changing and highly technical industrial society make it essential. Joseph P. Kennedy firmly believed this. "An organized functioning society," he contended, "requires a planned economy. The more complex the society, the greater the demand for planning."

Once government officials adopt this fallacy as public policy, there is no end to the extremes of regulation and experimentation that government will undertake. It is this interference in the free market, more than any other single factor, which brings about inflation, unemployment, scarcity, and depression. And, ironically, these problems then lead to increased demands for government intervention.

John Chamberlain addressed so succinctly the problem created by such government interference in the market: "Where government tries to substitute itself for the economic motor, there is the inevitable confusion between the starter, the accelerator, and the brake."

"Fellows with Schemes"

Reduced to its simplest, government interference through planning is the attempt by a few to tell the rest what is best for them, as though the individual is too ignorant to determine his own self-interests. Humorist Will Rogers might have had this in mind when he commented, "World ain't going to be saved by nobody's scheme. It's fellows with schemes that got us into this mess."

Socialistic planners think in terms of a nebulous nonentity called "society." They think "society" produces goods and services. They think "society" consumes the goods and services "society" produces.

In reality, only individuals produce and consume. There is no economic action of the masses but only of individuals. Government actions in a free economy, therefore, must be based on this foundation principle. This precludes all government planning and interference in the economy beyond the requirements of defense and general safety.

After thinking about the phenomenal successes of Frank Perdue and Stew Leonard, I wondered where we

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would be today had these entrepreneurs and others like them permitted government predictions to cloud their visions. Literally millions of consumers would have had needs unmet. Billions of dollars in economic activity would have been redirected into other channels. Many profitable jobs would never have come into existence. The experts' predictions would have been "proven" by self-fulfilling prophecy. The myth of economics as the realm of the experts would have been further perpetuated.

But these and other believers in the free market refused to be kept down by the gloom and doom forecasts of the planners. They knew that if they worked hard to meet the needs of consumers, produced quality products, and served their customers courteously, they would have a fantastically profitable market at their fingertips. They put their knowledge and imaginations to work and, with faith in the free market system, made their dreams realities.

The attempts of such individuals—both their successes and their failures—are what the free market is all about. And it will continue to survive and thrive in spite of government interference. It operates best, however, when it is permitted total freedom.

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Bill Anderson

POLITICAL TERRORISM has become a sickening yet commonplace fixture of our modern world. In the past 15 years nearly 5,000 persons have died with scores more injured from deliberate terrorist attacks aimed mostly at persons from either western or pro-western nations. We can expect to hear on almost any news broadcast or read in a daily newspaper that a western diplomat has been gunned down, an American military officer kidnaped or a foreign business executive "executed" by a political extremist group that "claims responsibility" for its bloody actions.

Short of abandoning all laws and precepts that guarantee civil liberties, there is little that can be done to totally rid our world, and especially the free world, of political terrorism. The cost of eliminating terrorism would be, in the eyes of most persons, greater than the cost of living with the terrorist specter. However, it is important to understand the reality behind the actions of terrorist groups, what they want and how they can be slowed, if not stopped, from doing irreparable harm to our social fabric.

This article seeks to examine terrorism from an economic point of view. Because of this viewpoint, it will reach far different conclusions on both the nature of terrorism and how to deal with it than most conventional literature on the subject. This is not because economists are weird (though many are, self-admit-

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tedly, a bit strange), but rather because the fundamental principle of economic theory—namely self-interest—is missing from most literature on terrorism. By assuming that terrorists are self-interested (like the rest of us), we can examine their motives and plans of action in a rational manner that enables us to understand their goals (though not agree with them) and, more important, predict their reactions to certain government policies.

For the most part, terrorist groups work under the guidance of Marxist-Leninist theory, although there are others who are fighting against communist regimes. What all the groups have in common, however, is that they seek or have sought either to seize power themselves or drastically affect the workings of the government in power. The source of their motivation, as well as the response government should make to terrorist attacks is the topic of dispute, not the actual makeup or ideology of the particular groups.

Traditional literature on terrorism, especially the literature dealing with terrorism from Marxist-led groups, makes a number of important errors. Economist Richard M. Kirk writes that to most analysts of this subject "political purposes are typically defined as ideological in nature. As a result, political terrorists are assumed to be ideological zealots, willing to kill and be killed in order to further 'the cause'."[1] This is not to say that ideology or the willingness to die for a cause is not a part of terrorism. Certainly the suicide bombers who killed 252 American soldiers in Beirut, Lebanon, in 1983 (and died in the process) knew they would not survive their attack. The problem here is that such attacks are depicted as a form of altruistic behavior, an action in which the attackers expected nothing in return.

Analyzing Terrorist Actions

Because the prevailing literature simply depicts terrorists as "ideological zealots," it becomes difficult, as Kirk notes, to analyze rationally their actions. He writes, "As a result, traditional studies are forced to search for typically unobservable psychological and socio-economic characteristics as explanations for violent behavior."[2] Terrorists, he says, are seen as being low in self-esteem,[3] economically or politically alienated,[4] irrational,[5] or insane.[6] Such analyses provide interesting work for psychologists and sociologists, but afford little help in economic analysis of the problem.

As a result of traditional analysis of terrorism, we find that predictable views of government and its role in stopping terrorism prevail in most literature today. Terrorists, it is believed, work simply out of ideology; in that same vein of reasoning, it is also assumed that governments

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work ideologically. That is, what on the surface is a violent confrontation between terrorist groups and governments is, in reality, an outgrowth of a deeper ideological struggle. Solutions to terrorist problems, then, are placed in ideological frameworks; depending upon one's ideological biases, the solutions run from expanding the welfare state to increasing powers of the particular nation's security police.

Noting this situation, Kirk writes, "The dominant theme in the existing literature is a call for expansion of the role of government, particularly the redistributive role, in order to alleviate the causes and thereby reduce the occurrence of political terrorism."[7] In other words, he says, it is assumed that many terrorists, especially those on the left, have deep concerns for the poor and, in their desire to make an unwilling government (and the public it represents) bend to the just needs of the poor and oppressed, turn to terrorism as a last resort. Thus, terrorists may have their actions condemned by elements of society who at the same time might have sympathy for their ideology. For example, the infamous Patty Hearst kidnaping in 1974 by the Symbionese Liberation Army brought both condemnation for their tactics and praise for the SLA's "goals" of "helping the poor."[8] The public forgot that the act of kidnaping a young woman nearly destroyed her life; the public also forgot that the SLA had gunned down (with poisoned bullets) a popular black school superintendent in the San Francisco area. The perception that became popular was that of a misguided group of men and women whose hearts were in the right place.

Faulty Solutions

To change the breeding grounds of terrorism, it is then supposed, governments must change their ideology (provided they are not already leftist in scope) in order to facilitate the kind of justice that it is assumed will mollify the righteous anger of terrorists. As pointed out earlier, Kirk has written that the dominant theme of literature on terrorism calls for expanding the redistributionist powers of the state. By so doing, the literature assumes, redistribution of wealth from rich to poor through taxation and regulation *will actually succeed* in reducing the wealth gap between rich and poor. Thus, it is believed, redistribution will bring stability to a society, ending poverty and eliminating the reasons that terrorists operate in the first place.

As one can see, the reality of terrorists and government does not match with the traditional explanations, which also means that traditional literature, far from helping solve the terrorist problem, actually helps contribute to its increase. By presenting false views of both the

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motives of the terrorists and of the nature of government, traditional writers on the subject simply do not offer the public realistic information.

The remainder of this paper, then, will concentrate on the following areas: first, we will discuss the nature of government; second, why terrorists are motivated to attack governments; third, suggestions on how to stop or at least curtail terrorist activities to more tolerable levels; and, fourth, an explanation of the "new" or government-sponsored terrorism.

The Nature of Government

As discussed earlier, a strong assumption exists in the journalistic and academic worlds that government operates along ideological lines.[9] That is, what individuals do in governmental processes is done because of ideological motivation. Ideology does, of course, play a part in government; the Marxist-Leninist-Stalinist philosophy that permeates communist governments certainly contributes to their restrictive laws on property and enterprise. But one must look one step beyond the obvious to understand what government actually does in practice, not just what people say it should be doing.

In reality, as the Public Choice revolution has demonstrated, government serves to transfer wealth from one group of people to another.[10] This does not necessarily imply that such a role is evil. After all, protection of personal and property rights is a necessary and good function of government, but protection is neither costless nor applied evenly as some persons receive more protection and some less than the norm. The judicial process involves transfers of wealth (for example, lawsuits and fines) as well.

However, many wealth transfers are harmful to the general public. Price controls, regulations and import "protection" are among the many examples of how government reduces public welfare for the advantage of a privileged and well-placed few. The vast number of lobbying groups that make permanent homes in Washington, D.C., are not spending their time and money to improve the state of government in this country. They are, rather, seeking benefits for themselves at the expense of other individuals.

Politicians and bureaucrats serve as the brokers in this process and, like all good brokers, receive their "perks" from the system, politicians being rewarded with votes and bureaucrats with salaries and security.[11] In a democratic system, more available wealth means more wealth to transfer. That is, as the general wealth of a society increases, so will the attempts for some to gain wealth at the expense of others through the political system.[12]

The question here is this: What is

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the most expedient way to obtain wealth through this system? At the same time, we also ask: What are the limits to the amount of wealth that can be transferred? And, finally, what is the connection of wealth transfers to terrorism?

Like all other markets, the political market is rife with uncertainty. A certain, predictable market would have no need of lobbyists, since political outcomes would be predetermined. As it is now, lobbyists have no guarantee of success in their attempts to seek wealth transfers, hence their willingness to spend large amounts of money. At the same time, politicians have just as little guarantee of being successful in their attempts at being initially elected or re-elected. The political scene is rife with violent change. For example, Richard Nixon was overwhelmingly re-elected in 1972 to the U.S. Presidency; less than two years later, in the wake of Watergate, those same voters demanded his ouster. The rapidly changing face of the economy creates new interest groups and with new interest groups come new demands for politicians.

The Costs of the Political Transfer Market

Thus, the process of seeking transfers is perilous for both lobbyist and politician. There is no guarantee that either will receive what he or she desires. Yet, this is the accepted way of transferring wealth in our society. And like any other market, the political transfer market has its limits. Lobbying groups have limited resources and there is a marginal point at which the cost of lobbying is more expensive than the benefits gained by it. Politicians may transfer *too* much wealth and, thus, be voted out of office by angry taxpayers.[13]

There are those, however, who do not wish to take the risks of participation in the lobbying or political system directly, but still seek indirect influence over the political processes. For example, college professors and journalists may often have a powerful influence in the system through their writings or studies, yet not be running for public office or be directly lobbying for political favors.

Whatever the mode or level of influence the above groups may have on our political/economic processes, they all have one thing in common: they adhere to a certain social contract which recognizes a "proper" channel of activities to influence the workings of government. Those of us who may decry the irresponsible spending habits of our Congress since the days of the New Deal still follow a nonviolent philosophy. Austrian economists, who may oppose the gargantuan welfare state or the Federal Reserve's money monopoly, do not take their case to the streets. For example, Murray Rothbard, though an ardent opponent of the

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Federal Reserve System, has no plans to bomb the Fed offices in Washington, D.C. This does not mean that free market advocates seek no influence on our political economy; rather, such advocates are willing to "play by the rules" in seeking public support of their policy initiatives.

What Motivates Terrorists?

Terrorists break that social contract by their actions of indiscriminate violence against individuals. After peeling away the ideological skins and fig leaves that terrorists use to justify their violence, we come to the core reason for their actions: the terrorists' own desire for power and influence. Economist Thomas Sowell, following the murder in 1978 of Italian Premier Aldo Moro by the Red Brigades, was one of the few social commentators to recognize the terrorists' real motives. He writes:

> For several weeks a group of obscure young men became important. They carried out a deed that made headlines around the world. They had a famous man in their power, to abuse or taunt as they pleased and to kill when they felt like it. They saw the life of the country around them disrupted as police, workers, and others changed their daily routines in response to the event. The pope, the American president, and the United Nations recognized them with appeals and declarations. In normal times, they might never have gotten past the secretaries to see any of these people, much less expect to influence them. With one daring crime, they leapfrogged bureaucracy and protocol and elbowed their way into the headlines and even into history.[14]

Why the violence? Is it, as some "experts" have declared, simply an act of insanity by members of terrorist groups?

To the second question, we answer "no." And because we believe that terrorists are making rational decisions, we can only assume that they carry out acts of violence because they have deemed such violence both more effective *and less costly* than standard participation in accepted political processes. Kirk notes: ". . . when the cost of gaining conventional political influence is high enough, or some other explicit or implicit barrier to entry into the political sphere exists, the use of violence in the form of political terrorism can become a profitable method of rent seeking."[15]

In other words, the terrorists are seeking wealth transfers and/or power (all of which can be defined as economic or political *rents*) through violent means because they are not willing to pay the cost of participating in the political system. True, the political system gives no guarantees of success. Radical politicians, though they may be influential in their own small districts, usually do not sway enough voters to gain national offices or, should they be elected, are often forced to moderate

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their policies in order to achieve the needed political compromises that permit them to govern effectively.

Potential terrorists (or actual ones) are faced with the following dilemma: They can either pay their dues in the political system, thus perhaps reaping the rewards but also shouldering the greater risks of failure, or they can seek power by other means, that being violence. True, violent activity has the inherent risks of death or imprisonment, but in the terrorist's mind, the rewards gained from terrorist activity outweigh both those risks and the rewards that could have been gained had he or she simply participated in the political system like everyone else. The act of terrorism gives the individuals involved a chance to gain the kind of significance that most likely could not be gained by legitimate channels. Sowell writes:

> The media and intellectuals tend to judge terrorists in terms of the effects of their acts on what the terrorists themselves define as their cause—the "avenging" of this or the "liberation" of that. Usually the terrorists' acts don't have a ghost of a chance of achieving their proclaimed goals, but they can give a lot of importance to a lot of otherwise insignificant people in the meantime. And these are not merely insignificant individuals: they are often insignificant individuals who grew up surrounded by people with wealth, power, or recognition which they would be unable to duplicate through normal channels for many long years.[16]

In this passage, however, even Sowell underestimates the accomplishments of the terrorists. Yes, many of them are insignificant individuals who crave attention and power; but, no, they are not simply acting to gain attention the way a two-year-old child throws a tantrum to get Mommy's attention.

Terrorism can alter the way a government does business, and it can also alter the plans of those who originally wished to be involved in government but change their minds because the inherent risks of kidnaping and/or assassination become high. Democratic nations have seen some erosions of their civil liberties because of terrorist violence. And some European airports have sections that resemble armed camps instead of passenger terminals.

Control Measures

In response to terrorism, as much of the literature suggests, should government expand social services via wealth transfers in order to satiate the terrorists' "hunger" for social justice? This is a most crucial point in understanding terrorism and the proper response political authorities must give to such violent activity. If government officials misread the reality of terrorist demands and seek to expand the scope and powers of government in the area of wealth transfers, they are actually encouraging more terrorism. The

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reason for this is quite simple. Expansion of the redistributive powers of government encourages more seeking out of wealth and power transfers. This is the essence of supply-side theory, that is, supply creates its own demand (from J.B. Say). The increased supply of government-induced wealth transfers (rents) will lead to an increase in demand for them.

Far from being appeased by the increase of government powers of wealth distribution, terrorists are likely to become more in number and more and more violent in their activities, the violence coming because of the increase in competition brought about by the proliferation of terrorist organizations.

A second point also needs to be made in regard to expansion of government's distributive powers. The assumption that is often made is that government *can* permanently alleviate poverty by fiat. When government assumes the *will* to eliminate poverty, supporters of intervention believe, then government can actually accomplish that act. All that is missing, they say, is the *will*. Therefore, they further assume, the idealistic terrorists will be appeased when government acts to eliminate poverty and terrorist activity will then cease.

The problem here is that the state simply does not have the capability to eliminate poverty by command any more than the state can order nature to insure that all Fourth of July holidays are warm and sunny.[17] Since the beginning of the Great Society heydays in the mid-1960s, enough money has been spent by the government to fight poverty to make each poor family in this nation independently wealthy, yet we are no closer to eliminating poverty than we were in 1965 and some forcefully argue that we have lost ground.[18]

Less Government May Lead to Less Terrorism

If increasing the scope and distributive powers of government leads to more terrorism, it stands to reason, then, that scaling back government activity of transferring wealth might lead to a *decrease* in terrorism, though it will not eliminate terrorist violence altogether. Simply stated, less government may actually result in less terrorism. Increasing distributive powers of government, on the other hand, will lead to a more chaotic social order (an inevitable consequence of government intervention) and more terrorism.

Terrorist activity can also be curtailed by increased police activity, which is a state function, provided the members of a particular society are willing to give up some of their civil freedoms (search and seizure laws, etc.) or have them modified in order to make it easier for terrorists to be either apprehended or hit in

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pre-emptive strikes. Modification is more likely than simple elimination of freedoms; so a society is left with choosing between more police protection and activity and, perhaps, fewer civil liberties.

Striking the Balance: Freedom and Protection

Such a choice is not easy, as we have learned from sad experience that police or security officers can very well abuse their powers. Giving them increased powers can lead to new abuses, yet people also wish to be spared the constant state of fear that terrorists can strike into people's hearts.

As one can see, the choice is not between a high level of terrorism or no terrorism at all, but rather a choice between the amount a society is willing to tolerate versus some suspension of their civil liberties as well as a chance to share in state-transferred wealth. Increasing the welfare state only invites more terrorism, as the experience of the past decade has vividly demonstrated to us. At the same time, we cannot ignore the terrorist threat to lives and property by continually throttling law enforcement efforts (as was done in this country in the 1970s—which corresponded to a rising number of terrorist incidents). But neither do we wish our society to become a police state; a balance must be struck at some point.

State-Sponsored Terrorism

In the past few years we have seen increasing evidence of terrorism backed by national governments, the bombing of the U.S. Marine barracks in Lebanon in the fall of 1983 being a vivid example. Author Claire Sterling in her best-selling book *The Terror Network*[19] documented the involvement of the Soviet Union, its Eastern-Bloc allies, Cuba, North Korea and other communist states in terrorist activities aimed at the West. Iran, it has been recently learned, is also playing a major role in helping terrorist groups such as the PLO and Islamic Jihad attack both Israel and other representatives of western nations, especially the United States.

The bottom line of state-sponsored terrorism is that such activity is a cheap and highly productive way to wage a form of warfare. The risks to the Soviet Union are minimal (witness the number of disbelievers in the western news media after strong evidence was presented that the U.S.S.R. played a role in the shooting of Pope John Paul II in 1981) and the opportunities for disruption of western societies excellent.

Again, western politicians and opinion makers must not fall prey to the idea that state-sponsored terrorists are simply acting out an ideological cause in controversial fashion. Rather, it is imperative for the West to realize that both the terror-

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ists and their parent governments are using terrorism as a means to snatch political and economic gains that might not be obtained through normal diplomatic channels and are not worth the risk of all-out warfare.

And in response to the terrorist threat, western governments should steer clear of "solutions" which include liberalized wealth transfers toward the guilty hostile nations (e.g. liberalized government-to-government loan agreements, subsidies, etc.) or agreements that "give away the store" militarily. As in the case of domestic terrorism, the expansion of wealth transfers will only serve to bring about increased levels of violence.

In the 1960s many liberals were advocating vast increases in welfare and other transfer payments as well as increasing poverty programs in order to appease what they saw as growing unrest in poor—and especially black—communities.[20] What the nation received in payment for its increased Federal largess was the most violent social upheaval in nearly a century. What was not accomplished was what liberals hoped would be accomplished: the elimination of poverty.

The same analogy can be applied to terrorism. Should our leaders continue to try to appease terrorists by using welfare state expansion, what they—and the rest of us—will reap is more violence.

—FOOTNOTES—

[1]Richard M. Kirk, "Political Terrorism and the Size of Government: A Positive Institutional Analysis of Violent Political Activity," *Public Choice* (Spring, 1983), p. 41.

[2]*Ibid.*

[3]A. Kaplan, "The Psychodynamics of Terrorism, *Terrorism* (1978), p. 245.

[4]P. Wilkinson, *Terrorism and the Liberal State* (London, 1977).

[5]*Ibid.*, p. 49.

[6]National Advisory Committee on Criminal Justice Standards and Goals, *Disorders and Terrorism* (1976), p. 49.

[7]Kirk, pp. 41–42.

[8]At the time, the SLA received praise in the media for being concerned for "the poor" but also received condemnation for the kidnaping, which is no surprise, since Patricia Hearst came from a family of media magnates.

[9]Kirk, p. 43.

[10]Robert E. McCormick and Robert D. Tollison, *Politicians, Legislation, and the Economy* (Boston, 1981), p. ix.

[11]*Ibid.*, p. 6.

[12]See William L. Anderson, *Federal Spending and Taxes: A Study in Causality,* unpublished master's thesis, 1984.

[13]McCormick and Tollison.

[14]Thomas Sowell, "Terrorist Celebrities," *Pink and Brown People and Other Controversial Essays* (Stanford, California, 1981), p. 63.

[15]Kirk, p. 44.

[16]Sowell, pp. 63–64.

[17]One of the main welfare state fallacies is that belief that whatever government wills, government can do. This fallacy assumes that government action is costless when in reality the opportunity cost of government action usually brings a net loss to society.

[18]See Bill Anderson, "Casualties of the War on Poverty," *The Freeman* (January, 1984).

[19]Claire Sterling, *The Terror Network* (New York, 1981).

[20]James B. Reston, "Focus on the Nation," *The World Book Yearbook,* 1966, pp. 25–26.

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Hans F. Sennholz

The Three Faces of Unionism

MYTHS surround one of the most important yet least understood institutions of contemporary society—labor unions. These myths persist, not only because the critics are weary of facing and exploding them again and again, but also because labor organizations have a vested interest in reinforcing them. The very existence of unions depends on the perpetuation of the myths that comprise the labor union ideology.

The core of the ideology is the notion that the market order does not function fairly and equitably and that it victimizes working people. Adam Smith remarked that workers labor under a disadvantage in their dealings with wealthy employers. Jean-Baptiste Say, J. R. McCulloch, and John Stuart Mill echoed the notion. Alfred Marshall confirmed it, as did A. C. Pigou and nearly all contemporary economists. They all commiserated with laboring people and, therefore, extolled the benefits of labor organizations for the purpose of removing the disadvantage. They often stood shoulder to shoulder with socialistic writers who hailed labor organizations as ramparts against the evils of competition and as mainsprings of social justice.

The union ideology is as animate and alive today as it was at its beginning. Most contemporary economists still cling to the age-old notions of employer holding power and

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labor inability to wait, or to some aged exploitation doctrine. But in contrast to yesteryear, unionism now is deeply entrenched in tradition, legislation and jurisdiction.

Labor unions are well-organized and well-financed institutions that do everything in their power to preserve their existence. To ensure their survival, yea, their growth and expansion, they pursue every feasible option along ideological, economic and political lines. Struggling valiantly for self-protection and self-preservation, they have assumed ambidextrous features and faces, which may predominate differently over time, according to the strength and kind of resistance confronting union efforts. But regardless of the predominant face, the activities of labor unions are always directed toward self-preservation by remaking the union environment, removing disabilities and extending the scope of union opportunity.

Inculcation and Indoctrination

Labor organizations are among the most effective educational institutions in all matters of economic and social thought. Well-financed, always activist, they engage in systematic propagation of economic doctrines reflecting union views and interests. They energetically work through all media of communication and impart their doctrines on all levels of education. From coast to coast countless union organs make extensive use of historical narratives that tell the union story, of foes and friends, of sacrifices and triumphs. They speak of the worker's noble struggle for recognition and status in the late nineteenth and early twentieth centuries, and of violent resistance by greedy managers and owners. When in desperation workers resorted to strikes and boycotts, management fought back with lockouts, blacklists and strikebreakers. But in the end, so the unions report, justice prevailed and organized labor became strong enough to bargain on an equal basis with its evil adversaries and call a halt to labor exploitation.

The remarkable success of this union rendition of labor history is built precariously on several subtle and specious pieces of popular reasoning. Every union organization routinely builds on the fallacious notion that labor conditions were deplorably poor in the past, but improved materially when unions appeared on the scene. Union spokesmen routinely echo the primitive syllogism that events coinciding in time must also be related causally. They repeat *ad nauseam* that at the beginning of the labor movement more than a century ago, when few workers were organized, hours were long and wages were low. But the knights and heroes of labor confronted the exploiters and

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fought them to a halt. Union effort and sacrifice brought remarkable improvements.

The advocates of government regulation of hours and wages usually draw a similar conclusion. Labor conditions were poor before government intervention; they measurably improved since government passed minimum wage laws and forcibly limited the hours of labor. Consequently, they confidently conclude, the intervention by wise legislators and civil servants materially raised the workers' level of living. Unfortunately, neither the advocates of labor legislation nor the proponents of union organization tell us how the improvement credit is to be divided and attributed.

If it were true that events coinciding in time are, *ipso facto,* connected causally, we could also conclude that acid rain and water pollution in recent years have visibly improved our levels of living, that the roar of jet engines has enhanced our environment, and the increase of heart disease and cancer has added to our quality of life. Of course, no rational observer would draw such a conclusion. But we are urged to believe, and millions of people actually do believe, that labor unions and labor legislators did improve working and living conditions through strikes, threats of strikes, or legislative restrictions.

It is self-evident to economists that labor's phenomenal progress resulted from increased productivity, that is, from more output per man-hour. Labor reaped great benefits as labor productivity rose due to increased capital investment per worker. Better tools and equipment provided by investors caused output to double every twenty to thirty years. Moreover, inventors created new products and devised new techniques while entrepreneurs made better use of existing capital as well as manpower. With the rise in the marginal productivity of labor, employer competition in the labor market caused wage rates to rise and labor conditions to improve.

Union Harm

Workers themselves did not contribute to the steady improvement in their working conditions unless they managed to save and invest in facilities of production. In fact, wherever labor unions caused output to decline through strikes, inefficient work rules, labor agitation, or any other reason, they actually kept wage rates lower and working conditions poorer than they otherwise would have been. The visible deterioration of economic conditions in countries with powerful unions, e.g., Great Britain, illustrates the point.

The remarkable sway of union ideology rests on a logical error that confuses coincidence in time with causal relation. Throughout most of

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union history the spokesmen of labor, voicing crude versions of the exploitation doctrine, made their demands for more, more and ever more in exchange for ever less labor exertion. In most parts of the world laboring under stagnant economic conditions, such demands would have been simply dismissed as sheer lunacy—the machination of madmen.

Entrepreneurs Raise Productivity

In the capitalistic countries, however, entrepreneurs and capitalists in time succeeded in significantly raising labor productivity, thereby boosting wage rates and improving labor conditions. They actually delivered what unions were demanding. But who was acclaimed as the great benefactor of labor? The agitators proclaiming exploitation and profiteering, or the capitalists—entrepreneurs who were quietly building tools rather than consuming their incomes so that there should be more in the future? Unfortunately, public opinion was led to applaud the loud agitators and feature the union leaders.

Labor leaders forever reinterpret labor history. They extol virtues and motives of the agitators of labor unrest such as in the case of the Great Railroad Strikes of 1877 when twenty people were killed in Pittsburgh. Rioting, looting and burning destroyed millions of dollars worth of railroad property. In the end, Federal troops had to be used to suppress the disorder. Unions commemorate the Chicago Haymarket Riot of 1886 when a bomb was thrown killing one policeman and wounding many others. Seven perpetrators were arrested, four of whom were hanged. Unions treasure the memories of the Homestead Strike of 1892, the Pullman Strike of 1894, the Coal Strike of 1902, and the most bloody Colorado anthracite coal mine conflict leading to the "Ludlow Massacre" of April 20, 1914, when women and children burned to death. Unions cannot forget how slow state and local governments were in coming to the aid and support of labor, and how, in many cases, they actually thwarted the efforts of workers to gain their objectives.

Union thought deeply influences the tone and emphasis of economic writings. There are few textbooks in economics that do not laud the valiant efforts of labor organizations toward improving labor conditions. There are few economic commentaries that do not extol the virtues of labor unions. They pave the way for socialism; in fact, most labor unions actively proclaim, promote and disseminate the doctrines of socialism. After all, it is difficult to censure the competitive system for its labor inequities without drawing the conclusion that it should be abolished. But even where union leaders cast their

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lot with the market order, their tacit assumption of labor exploitation tends to pave the way for the command system.

Economic Functions and Policies

Labor leaders fervently disseminate crude notions of the labor theory of value and the exploitation doctrine, which provide the *raison d'être* of unionism. Without union protection, we are told, most Americans would be laboring from dawn to dusk for pennies an hour. Unions are said to have raised, and continue to raise, the wages of all workers through association and collective bargaining, to have improved working conditions and reduced daily chores and working hours. Because of their great faith in labor unions and labor objectives, the American people continue to endure destructive strikes and threats of strikes, tolerate union coercion and violence, suffer many inconveniences, and credit economic improvements to labor leaders. To many millions of Americans, membership in a labor union is an important social duty and the strike a noble task.

Unfortunately, the exploitation doctrine, wherever it serves as guidepost for human action, engenders disaster. The labor legislation it breeds not only reduces labor productivity and wage rates, but also sows discontent and social conflict. The minimum-wage legislation and other attempts at raising wage rates and fringe benefits above those determined by the market, create unemployment and depression, which in turn calls for ever more government intervention. The labor unions it sponsors not only reduce labor efficiency through a multiplicity of work rules, cause maladjustment and unemployment, especially of junior members, but also reduce economic service generally, which keeps levels of living lower than they otherwise would be.

The basic method of all unionism is restriction of labor competition; the basic effect is unemployment. In an unhampered labor market without labor unions, wage rates and working conditions are determined by the productivity of labor, which, in final analysis, is the value ascribed to services by consumers, clients and patients. Competition among employers, together with opportunities for self-employment, tend to lift the wage rate of every worker to this very level of productivity. If, for any reason, someone should earn less than his productivity rate, his employment would be highly profitable. He would become the object of employer bidding for labor, which would lift the price of his labor back to his productivity level. If, for any reason, he should demand more than his productivity rate and claim a share of capital or entrepreneurial income, he is a candidate for un-

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employment. That business would be more productive without him.

Professional people, too, are subject to these principles of the market. Their incomes are determined by the value judgments of their customers, clients and patients who are the supreme directors of the production process. Surely, there is deplorable government intervention that makes matters worse. In the health-care industry, government may subsidize and regulate the industry through Medicare, Medicaid and other schemes, which make it vulnerable to politics. The industry must expand or contract, prosper or suffer, always readjusting to changing political fortunes. A labor union representing doctors would not improve the situation; it, too, would reduce the quality and quantity of the service and provoke ugly confrontations.

Restricting Entry

Unions restrict competition in their part of the labor market in order to raise the wage rates of their members. They are not concerned with outsiders whom they bar from access to union industries. Nor do they give much thought to their junior members who may lose their jobs as a result of union activity. But they are rather effective in their efforts to raise the employment costs of senior members while inflicting grievous losses on junior members, outsiders, employers, and consumers. Unions restrict the competition of outsiders whom they fight with every available method, even violence on the picket line. The excluded workers must seek other employment or remain unemployed. Their fate is of no concern to the unions.

When, many decades ago, unions were limited to a few industries only, the labor they cast out could find employment in other parts of the labor market that were still free. In them the supply of labor would rise, which would lower the wage rates of unorganized workers. But with the spread of unionism throughout basic industries and the proliferation of labor legislation, e.g., minimum wage legislation, there is no escape for the victims. Unemployment has become a chronic mass phenomenon that is holding more than eight million Americans in its grip.

Unions favor collective bargaining which, in union terminology, means the substitution of a union's bargaining for the bargaining of individual workers. In reality, it is the bargaining of a select group that asserts the power of the picket line to keep all outsiders from bargaining. *Collective bargaining, in this sense, means the denial of the right to bargain by outsiders.* When some union agents sit down to deal with an employer, other agents and members are guarding his gates and forcibly

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preventing outsiders from competing. The employer, fearing violence at his site and willful destruction of his property, may have no choice but to deal with the agents.

Bargaining By Coercion

If union bargaining were truly collective it would give a voice to all workers at the gate, including eager job seekers. In reality, it is confrontation at the point of a gun. The "right to strike," which is sacred to all unionists, is said to be a natural right to abstain from work. In reality, it is *the right to force other people to join the strike.* It is the right to prevent willing and eager workers from taking the place of striking workers.

During a recent strike by some 52,000 hospital workers against 30 New York City hospitals and 15 nursing homes, 1,199 workers were arrested or charged with serious strike-related offenses. (*The New York Times,* August 26, 1984, pp. 1, 47). If 1,199 workers were caught in the act and apprehended, it is likely that many more committed criminal offenses and escaped undetected and unmolested. Surely, the New York police, like any other police, are not likely to apprehend every scofflaw in the very act. Moreover, they cannot possibly prevent the violence or threats of violence against reluctant union members who would work rather than strike and against unemployed workers who would love to fill the open jobs. The potential violence committed against fellow workers and their property usually exceeds by far the destruction wrought on employer property. But in the case of hospital workers the greatest harm undoubtedly comes to the patients whose suffering is aggravated by the wanton denial of care.

Labor unions are the product of the ever-changing labor ideology. From their modest beginning nearly two hundred years ago until this very day their words and actions are clearly discernible in the writings of the critics of the private property order. At the beginning and well into the nineteenth century, however, the legal system remained free from labor ideology, which permitted the courts to examine critically union organization and activity. Courts found that trade societies formed either to benefit their members at someone else's expense, or to work harm on workers who did not join the movement, were disturbing the peace and disrupting social cooperation.

In an 1815 decision involving the shoemakers of Pittsburgh, the court ruled that union activity was harmful not only to employers but also to the community at large. Under the influence of English common law, some judges even held that labor organizations, in denying basic rights

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to outsiders and forcing other workers to join every strike, were conspiracies prejudicial to the public interest. But while the courts may have limited the effectiveness of early labor organizations, they did not prevent the continuation and expansion of the union movement. After all, ideas control the world; they are mightier than the laws of politicians and the prohibitions of judges.

Political Reform Movement

From the very beginning the union movement was also a political reform movement that sought to achieve by political force what it could not attain by economic force. Where trade unions proved powerless in changing the laws and principles of the market, their representatives were more successful in the halls of politics. As political reformers they labored to introduce government intervention in the economic and social order.

Unionism is an offshoot of modern political and economic ideology; the country that pioneered modern political and economic thought, Great Britain, was also the first to give rise to unionism. It was primarily political at its inception, a constituent of a popular reform movement that later took its name from a national charter, the Chartist movement. Concentrating on political demands, it advocated universal manhood suffrage, the ballot, equal districts for Parliamentary representation, annual parliaments, the payment of members of the House, and the abolition of property qualifications for membership in Parliament.

Some two million Chartists expected successful political action to lead also to economic changes, since political representation of the working classes would lead to measures favoring them. Chartist leaders usually urged peaceful methods, but their agitation aroused resentment and often encouraged violent action. Chartism did not bring the revolution its opponents had feared, but it did lead to political reforms and, above all, leave a foundation for future labor movements.

With the decline of the Chartist movement during the middle of the nineteenth century, British unions for a while concentrated on economic issues. Toward the end of the century, however, they turned to politics once again as socialist ideas—although non-Marxian—were swaying the movement. Their renewed interest in politics brought forth the Labour Party, their primary political instrument. In Great Britain as in other countries following the British example, labor unions now are firmly affiliated with the Labour Party or the Social Democratic Party. Union members may be required to pay "political levies" along with their union dues.

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On the European continent, unionism typically developed as part of a wider labor movement, with a Marxian political party usually taking the lead. The party organization generally is the intellectual elite of the movement, affording guidance to and often assuming control of the unions. But political control tends to divide the movement, with different political parties establishing competitive unions. The predominant current is socialistic although some unions are affiliated with Christian parties (mostly Roman Catholic), nationalistic or democratic parties. A few communistic unions are associated with the party of Marx and Lenin.

From Unionism Pure and Simple to Political Action

The American labor movement, throughout most of its history, kept its distance from socialism and partisan politics. It was "trade unionism pure and simple," with the single purpose to engage in collective bargaining in order to raise wages and improve working conditions of union members. It tacitly assumed that, under capitalism, workers may prosper provided they are organized. But the logic of its own ideological base, the labor theory of value and exploitation doctrine, gradually led it to the socialist philosophy that promises lasting relief to labor only by a radical reform of the system. Collective bargaining must take second place to political action.

Since the 1970s the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) has become a prime supporter of statist remedies for economic problems, real and imagined. With many unionized industries sinking into deep depression and membership unemployment rising to fifty per cent or higher, the traditional instruments of union power, collective bargaining and work stoppage, have lost most of their potency. In fact, they demonstrably make matters worse, causing industry to sink ever deeper and unemployment to rise ever further. Of course, labor leaders would never admit any union responsibility; instead, they are quick to point at the administration in power as the maker of depression and unemployment. They become supporters of political action.

The AFL-CIO now supports the enactment of legislation that would protect unionized industries from foreign competition. It advocates such protectionist measures as domestic-content laws and import quotas, and opposes all efforts at lowering trade barriers on imports from developing countries. It calls for a tripartite National Industrial Policy Board, made up of representatives of organized labor, government and business, that would oversee the reconstruction of the nation's sick in-

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dustries and decaying communities. Labor is backing legislation that would prohibit plant closings or at least make them prohibitively expensive, and would inject grants and subsidies into struggling, heavily unionized industries.

Unlike the AFL-CIO of old, which had no intention of running the country, the new AFL-CIO acts as if its very survival depends on political action. This new perspective is making labor unions a part of a larger, liberal-socialist movement for economic, social and political reform. In the footsteps of the European movement, the fiercely independent unions of old are turning into vocal institutions of ideological indoctrination and party politics. But no matter what their strategy may be, the only way of obtaining higher wages, shorter hours, and better working conditions for all is, and always has been, to raise labor productivity.

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Disabling America

If you ask him, Richard E. Morgan, the author of *Disabling America: The "Rights Industry" in Our Time* (New York: Basic Books, 245 pp., $16.95), would surely deny that he is a hardline authoritarian. A professor of constitutional law at Bowdoin, he believes in what our forefathers called the "Rights of Englishmen." This presupposes a traditionally liberal, if not a libertarian, spirit, and in all candor Mr. Morgan, on the last page of his book, warns his readers that a "society without a rights industry is just as uncomfortable to contemplate as a society without policemen."

It's all a question of balance, however, and Richard Morgan, no ideologue, has felt constrained to come down on the side of common sense. He takes it seriously that we live under a Constitution whose words, if accepted in an ordinary dictionary sense, guarantee both the rights of individuals and of the society as a whole. In short, Richard Morgan is no extremist. But there are thousands in his own legal profession who are making a good thing of what he calls the "rights industry." The "new class" of interest group publicists and advocates, activist lawyers and New Day liberal law teachers has, as he puts it, "run amok."

Going amok happens to be good for the incomes of activist lawyers, but Richard Morgan does not question the sincerity of the rights industry. In his kindly opinion the activists no longer see the forest for the trees. They can't read the First Amendment correctly. And they twist the civil rights legislation, and such Su-

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preme Court rulings as *Brown vs. Board of Education*, into some very strange shapes.

Morgan sums up the disruptive aims of the rights activists under five headings. Number one, they are doing their best to isolate the churches. Two, they are disabling the public schools. Three, they are enfeebling law enforcement all across the board. Four, they make it impossible to maintain old-fashioned order in areas that were formerly protected by such traditional groups as the family and the private association. And five, they insist on preempting private choice.

Common Sense Rights

What all this means is that people who consider themselves good libertarians are actually bent on depriving a big majority of citizens of their common sense rights. People who are religious find themselves at a disadvantage against those with no religion at all. The so-called secular humanists get free transportation to school and free laboratory equipment (for payment of taxes, of course). But if the Catholics or Methodists ask for their share of educational tax money for bus service or such laboratory equipment as Bunsen burners, which have nothing to do with the possible establishment of religion, they get a rude turndown.

Richard Morgan considers such discrimination to be an actual infringement of the First Amendment, which says nothing about depriving any group of state aid to education. The only thing prohibitive in the religious section of the First Amendment is the statement that the government shall not establish a national church. Paying for Bunsen burners may or may not be a good use of tax money for anybody (true libertarians would be against it as part of their animus against public schools), but it surely can't be equated with the establishment of a national religion.

The Supreme Court majority, in *Brown vs. Board of Education*, simply decreed that *de jure* segregation in the public schools was an infringement of equal rights. The only thing required by the Supreme Court decision was that anybody, no matter what his or her color, could properly demand sitting room in whatever public schools the neighborhood provided. But the rights industry activists twisted the Supreme Court's words around to support the "affirmative action" of busing to achieve quota representations of blacks in all schools, regardless of the neighborhood distribution of population. Activist judges all across the land prescribed forced busing. The distraction of long-distance rides resulted in worse, not better, education for both blacks and whites. Meanwhile, the rights industry ac-

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tivists were busy taking disciplinary authority away from teachers generally. The busing troubles were piled on top of "blackboard jungle" conditions that made teaching a hazardous profession anyway.

In the matter of law enforcement, the Miranda case did for the cops what the no-summary-punishment rule had done for the teachers. Voluntary confessions of criminal activity were ruled inadmissible as evidence in court if they were made without due warning by the police that the Fifth Amendment guaranteed a right to silence. Richard Morgan is no supporter of third-degree torture to extract confessions, but he considers it a stupid departure from ancient wisdom if believable confessions made in a voluntary manner without the Fifth Amendment warnings or presence of a lawyer can't be read to juries.

Morgan finds that traditional order in society can't be maintained when judges make their personal predilections the foundation of their decisions. He quotes Judge Robert Bork, formerly of the Yale Law School, approvingly. With law school teachers advocating what amounts to avoidance of the Constitution as traditionally interpreted, there will occur, so Bork says, "the gentrification of the Constitution. . . . Noninterpretation leads a judge to find constitutional values within himself . . . the values which might loosely be described as characteristic of the university-educated upper middle class will be those that are imposed."

The rights industry intellectuals frequently quote James Madison and Thomas Jefferson to sustain their attitudes. But Richard Morgan cautions the overzealous "new class" radicals to study the behavior of both Madison and Jefferson when they were in the White House. Jefferson, as President, signed into law acts of Congress "providing federal land grants to a religious body for 'propagating the Gospel among the heathen' (native Americans)." He also approved the use of federal money to support a Catholic priest in his priestly duties among the Indians. Madison, as President, issued four Thanksgiving proclamations. As a member of Congress he had sat in a committee that recommended the chaplain system. Regardless of their personal prejudices, neither Madison nor Jefferson demanded total separation of government and religion.

* * *

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